

The Executive
PURCHASER



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PURCHASING AS AN EXECUTIVE FUNCTION
IN CORPORATION MANAGEMENT

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SALESMEN INTERVIEWED

Tuesdays and Thursdays

9:30 to 11:30

REDOLENT of side whiskers, gilt china cuspidors and gas lights, such signs as this, once common enough in reception rooms, seem finally to have followed the horse-car into well deserved oblivion. Few will mourn their passing. May they never return.

- For these conspicuously hung salesman-frighteners implied something more than a concentrated busy-ness that would brook but scant interruption. They expressed Sales Resistance with a capital S and a capital R. And many were the salesmen who were licked before they started.

- They inferred a holier-than-thou self sufficiency and all the ignorance and dry-rot that go with it. They implied an attitude that was not only antisocial but self destructive. They made more enemies among salesmen and the companies they represented than Sherman did among the planters of Georgia.

- They were a positive indication that the firms from whose walls they frowned looked upon salesmen as an annoyance to be tolerated, perhaps, but certainly not encouraged. They said, in effect, "New Ideas Not Needed Here."

- Well, the signs have gone. Wonder how many of their owners went with them?

THE EXECUTIVE PURCHASER

623 EAST ST. CLAIR AVENUE • CLEVELAND, OHIO

EDITORIAL

SOMETIMES it all seems very discouraging. Here we have been one of the more consistent users of tobacco in practically all its forms for some fifteen years. Not one of your shaky-handed addicts, perhaps, and to the best of our knowledge no corner tobacconist has been able to shut up shop for the last time and ri-i-i-de—or for that matter, hitchhike—to his dream farm in the hinterlands on the strength of our purchases. Rather we probably would be classed simply as an unsensational, inconspicuous, steady, average smoker. We have even sworn off a couple of times: once out of curiosity upon being informed cigarets couldn't be given up, and once on the advice of a dentist who discovered our then favorite pipe, an outsize specimen by the name of Bertha, was threatening the moorings of an upper tooth.

Through it all, however, we had a rather vague but pleasant impression that smoking gave us a certain quiet enjoyment, and that this was the reason we smoked. And further, we believed—alas, erroneously it seems—that after fifteen years of almost unrelenting application we were reasonably well grounded in the rudiments of smoking technique. But we were wrong, all wrong. We apparently have one of the most complete sets of bad smoking habits extant. Just how gravely we have erred all these years is made plain in a booklet just issued by one of the large tobacco companies, entitled "Theory and Facts of Cigarette Smoking." We haven't enjoyed a smoke since reading it.

Take the matter of lighting, for example: we'll wager a new Stetson against that dowdy panama over in the corner that you employ the dynamic method. That is, you strike a match or lighter, hold it in the general vicinity of the end of your cigaret and puff. We thought so. Well, it's all wrong. Do you realize that by this method the temperature of the cigaret end soars to 2000 degrees F. and releases high-temperature tars in abundance, resulting in all manner of harsh irritants? You should hold the fag in the hand, apply flame without suction, roll cigaret carefully until the end is glowing, remove flame and proceed to smoke, gently however. Using this system the temperature only hits about 1200 degrees F., holds down the production of high-temperature tars and gives, of course, a much cooler smoke. Anyone can see that—2000 degrees cut to a mere 1200. This is known as the static method of lighting.

Do you have a tendency to let the cigaret droop slightly in your hand when not smoking? If so, you had best mend your ways. You are deliberately allowing heat to sneak up through the fag and raise hob with its distillation and condensation characteristics.

The booklet sums up its exhaustive findings with four rules for getting the most pleasure out of smoking:

1. Light at low temperature
2. Smoke slowly
3. Hold lighted end up when not smoking
4. Discard when cigaret is 1/2 to 2/3 consumed

The last rule seems to hold the answer to the whole business. Has anybody got a chew?

The EXECUTIVE PURCHASER

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NRA MUST CONSIDER *the* BUYER By Stuart F. Heinritz

*A paper presented at the 19th annual convention
of the N. A. P. A. at Cleveland, June 20, 1934*

THE philosophy of code building and code negotiation under the NRA has from the start revolved primarily around the desires of each code industry. The codes have their inception in the proposition offered by some industrial group; the industry gives its substantial assent to the code provisions before they are sent to the President for signature and become effective; their administration is delegated to a committee of the industry or trade. This is not only a practical means of working out the solution to a difficult problem; it is eminently proper, and wholly in accord with the basic principle of self government.

The active members of an industry or trade are logically presumed to be most familiar with its needs, its adaptability and capacity with respect to new hours and rates for labor, its burden of vicious trade practices to be eliminated, the particular forms of competition to be encountered within its own ranks and from comparable products from competing industries on the outside.

The administration has also wisely recognized the fact that as a practical matter of securing voluntary compliance with code provisions, essential to the success of the general program, industry itself must be satisfied and "sold" on the advisability of these provisions. Although the National Industrial Recovery Act provides both the authority and the machinery for imposing codes upon industrial groups that are unable to agree among themselves on an acceptable code, this power has been deliberately held in reserve for use only in extreme emergency, although codification might have been a far speedier process if the power had been used. As a matter of fact, there has been little really serious talk of invoking this authority until within the past two or three months, and then in only a few isolated cases where large factors of public interests are involved.

There is a great deal of common sense in such reasoning and in such a policy. But one thought that must be borne in mind in evaluating the soundness or the success of the plan is that the codification of industry is not the end and aim of the Recovery program; it is merely a means to achieve those larger objectives clearly stated in the Act. Along with the broad powers and privileges that have been delegated



JOHNSON:
"For God's sake, men, keep prices down."

to business, there goes a responsibility or obligation to see that these prime objectives are kept in view, and are not disregarded in the code process.

The theme of this paper is simply this: if at any time it appears that the means are assuming greater importance than the end, or that the process has gone off on a tangent that will lead it aside from the mark, then it becomes the responsibility of the administration to step in and readjust the machinery or straighten the course so as to insure that the basic purposes of the Act may be achieved.

Translating this general statement into specific terms, it means: NRA must consider the buyer.

Let us be perfectly clear on one point. This is not intended as a critical or argumentative harangue, but as a simple statement of principle. When I say that NRA must consider the buyer, I do not mean to imply that this responsibility has been wilfully shirked in the past. It has been a constant source of concern. Those of us who have been primarily interested in the consumer angle of codes have frequently longed for a more vigorous and forthright declaration of administration policy in this regard, but there seems to have been no unanimity of opinion among those in the higher councils as to the proper means to be employed

and the extent to which this viewpoint should prevail.

Among those who determine the policy of NRA, I believe there has been a fervent hope that business itself would see the wisdom of adequate consideration for the consumer as an aid in rehabilitating industry. But if there is any question as to the ultimate acceptance of this responsibility by the administration it should find its answer in the widely publicized Office Memorandum of June 7, 1934, which called a halt on price control provisions in all pending and future codes and promised relief in those codes already approved.

This memorandum, incidentally, is directly based on the recommendations of agencies within the NRA itself—the Consumers Advisory board, the Policy board, and the Review board. Specific complaints and adverse public comment on earlier policies may have contributed to this end, but it is basically an administration development.

I have the utmost confidence in, and enthusiasm for, the Industrial Recovery Act. I have faith that the program as conceived, and as it is now in operation, can carry out the purposes of the Act and realize the ends which we all so greatly desire. My contacts with code authorities at work have convinced me that in the majority of cases at least, there is an honest effort to carry out the letter and the intent of the codes; that there is a substantial majority of conscientious and level-headed business men in these positions of trust, men who will not lend their name or their vote to deliberate infraction or to the overstepping of their legitimate authority. But fundamentally it seems to me that there have been three shortcomings in the present set-up which call for prompt and decisive rulings and supervision on the part of the administration.

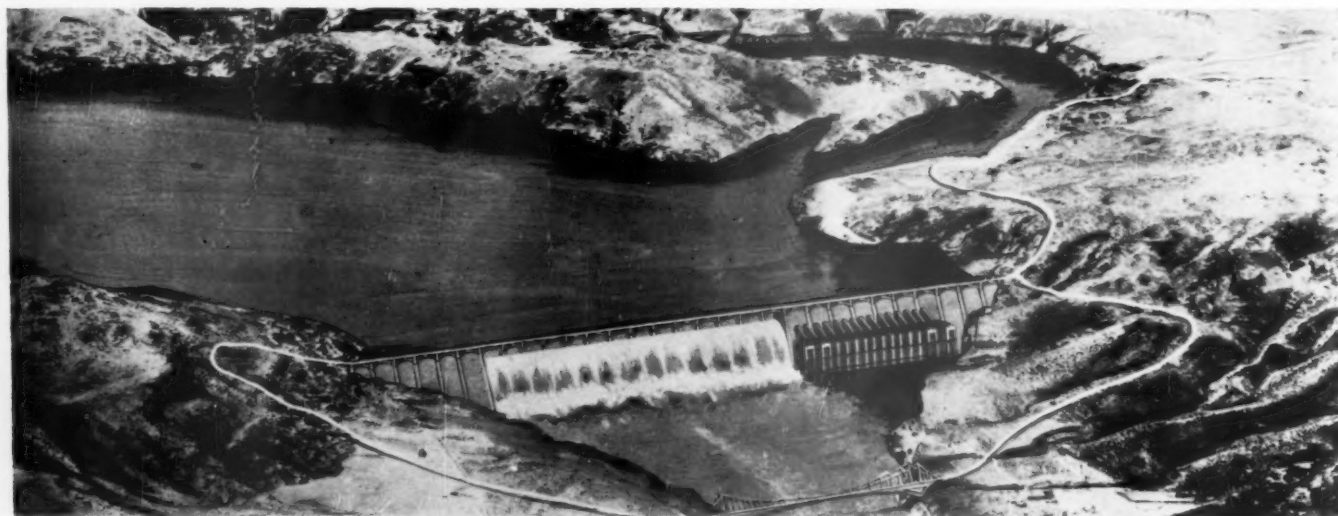
The first of these shortcomings is a lack of imagination. By and large we are not an imaginative people, perhaps least of all in our business dealings. This is

nowhere more clearly demonstrated than in the public reaction to the New Deal. Many of its most enthusiastic and partisan supporters have utterly failed to grasp its underlying philosophy and significance. And among its severest critics, the antagonism has been largely traceable to a distrust of its departure from accustomed practices and conventional attitudes. We hear a great deal about the "new economics," when actually the newness is almost altogether a matter of emphasis and adaptation, a viewpoint which recognizes more acutely the partnership which has always existed between labor and management, seller and buyer, the individual and society. The very word "new" is in some quarters a term of reproach sufficient to damn the whole undertaking.

Instinctively we rely on past principles and methods as the only principles and methods. Piously we repeat the trite declaration, "I know of no way to judge the future but by the past." Last month, President Sloan of General Motors invited three hundred leading American scientists, industrialists and executives to gather for a prophetic symposium on "Industrial Progress in the Next Century." Projecting their knowledge, their dreams and plans into the future, they drew a composite picture of life and civilization as future generations may know them. And at the conclusion of this highly significant conference, a disappointed editor of the *New York Times* summed up their predictions by saying:

"The responses reveal three hundred leaders fluttering unimaginatively on the ground . . . It is impossible for them to conceive Utopia without *our* improved bakery, *our* metal furniture, *our* tractors, *our* rustless wire rope, *our* quick-drying lacquers."

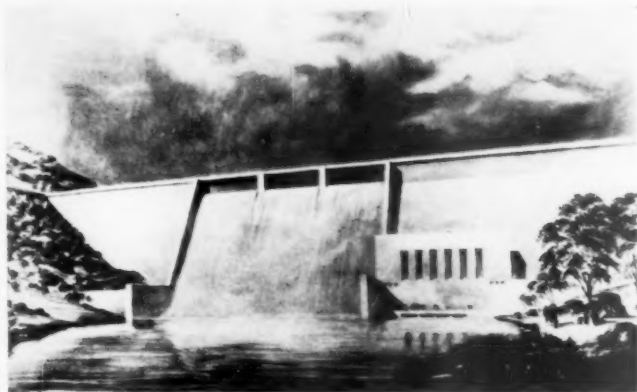
Now granting that the responsibility of the code authorities lies in the immediate present, and not a century hence; and granting that it is their function



STOPGAP

The PWA-financed Grand Coulee dam project on the Columbia river, as it will look when completed.

ACME

**NORRIS DAM**

To bridge the gap between emergency . . .

to translate into practical everyday terms the broad and somewhat idealistic principles of the Recovery program, nevertheless it is fair to ask that they be guided by the same large imagination in which that program was conceived. Yet in actual practice we find them in most cases depending on ancient formulae, on plans long cherished in secret and now brought out into the light with a measure of administration sanction, on none-too-sound trade association schemes newly furnished with teeth to enforce universal compliance, on the age-old hope of controlling natural law with fetters of mutual agreement and legislation.

These are the sort of requirements that industries have written into their codes, particularly in the sections that deal with costs and marketing procedure. Like the followers of Islam, they demand conformity with a stated ritual or the penalty of the avenging sword. The inevitable result is that they have burdened themselves with the tremendous task of policing and enforcing compliance with a multitude of restrictive details, whereas the principles of fair competition can be clearly and comprehensively stated in relatively few and simple terms, embracing the whole duty of industry to itself, its competitor, labor, consumer, and society.

The second shortcoming is a corollary to the first, and consists of an inordinate anxiety and impatience to recover all of industry's costs and expenditures, plus its legitimate profit, from the consumer. Every one who is at all familiar with code negotiation will recognize that point in the hearing when an acceptable adjustment with labor has been achieved, whereupon the code proponents announce, "Now that we have conceded everything that the administration demands in respect to wages and hours, at great sacrifice and increased expense to ourselves, we have the right to ask for something in return." And that something is in most cases the control of marketing methods and minimum prices so as to insure their ability to shift this noble sacrificial burden immediately to the shoulders of their customers.

To a dispassionate analyst of the situation, this anxiety appears to be somewhat unnecessary. It must

**COVE CREEK DAM**

. . . and reemployment by industry.

be quite apparent that in the final analysis the consumer is bound to foot the bill, not only for increased costs of labor and materials, but for the vast subsidies which minimum selling prices afford to inefficient industrial units and elaborate distribution schemes; for the assessments levied by code authorities, whether they appear as a separate dollar on the invoice as the oil burner manufacturers propose, or a dollar a year for the clerk behind the retail counter, or a nickel a ton on the coal he burns, or half a cent for the label that is sewed inside his vest pocket to his infinite annoyance every time he fumbles for earfare; for the trips to Washington and the long months of argument and compromise incident to getting codes approved for the hundreds of industries that contribute their share, great and small, to his daily needs; for the huge governmental organization that has crammed every nook and corner of Herbert Hoover's great Temple of Commerce and spilled over to the delight and profit of Washington hotel keepers and office landlords; for the protracted arbitration proceedings in steel mills and automobile plants, and the court action

(Continued on page 29)

**SLOAN**

ACME

Three hundred leaders fluttered on the ground.

THE FAMOUS 15 PER CENT

OR

What happened to the minimum price regulations when Uncle Sam found himself locked in his own strait-jacket



U. S. CAVALRY, 1934

ACME

Federal purchases are all-embracing, sometimes juicy.

by

WALDON FAWCETT

IN the lure of the discount lies the secret of President Roosevelt's executive order of June 29, and the confusion and controversy which has followed in its wake. A bit roundabout, to be sure, is the connection between Uncle Sam's own ambition to win concessions for quantity purchases and quick payment, and the NRA amendment permitting the shading of prices down to 15 per cent below the code-fixed minimum. But it is a clear case, none the less, of cause and effect. Washington has never been unanimous anyway on the basic issue of price dictation or price control. In one respect though, the National Recovery Administration chose the worst possible time to stage its plot for price standardization, regardless of volume of purchase, terms of payment, and all else.

Not a head-on collision but a disastrous side-swiping resulted from the complexity of the New Deal. On one of the multiple tracks at Washington the NRA rushed, with

wide open throttle, toward its goal of price stabilization without reservations. On the adjoining track raced a new administrative machine, especially constructed—or rather, reconstructed—to cut the outfitting and operating costs of the government by exerting to the utmost the mass power of purchase to the accompaniment of quick cash settlements. Each of these fresh driving forces was foreordained to strike the other a glancing blow. The purchasing crew drew first blood with the executive order permitting bidders on federal, state and municipal proposals to hew as deep as 15 per cent below the minimum prices fixed by the price lists on file with the code authorities.

INTERNAL DISCORD

To understand how and why the rebuilt federal purchasing machine has locked fenders with the speeding juggernaut of the NRA it is necessary to clarify a situation in governmental purchasing operations that has not been clear even

to all the industrial purchasing agents on the sidelines. The blunt fact is that, throughout the span of years that the ideal has been agitated, not all parties to federal purchasing have been of one mind on the practicability or desirability of centralized purchasing. That, let it be noted on the side, is why the General Supply committee, despite its vaguely inclusive title, never got anywhere near 100 per cent jurisdiction over governmental purchasing.

Speaking in straight chronicle and not necessarily in criticism, let's concede, for purposes of the record, that two major forces have been at work to thwart literal single-channel purchasing. One of these forces is resident in scores of field offices and branch plants of the federal government scattered over the country. Many a government official on out-post duty chafes and squirms when he has to fill all his wants through Washington. Even if reconciled to the routine of going to headquarters for standard equipment and supplies, he feels that he should have latitude for the exercise of his personal judgment and discretion in direct purchase when circumstances warrant. Your individualist of this

type has never ceased to maneuver for his slice of absolutism in local or regional purchase.

MILITARY OBSTACLES

The other major dissent to the proposition of consolidated federal purchase emanates from certain branches, notably the War department and the Navy department, whose officers have always argued that these institutions should be a law unto themselves in purchasing. Harsh critics say that this non-conformist attitude is inspired solely by personal vanity and the traditional lust of the bureaucrat for every ounce of power that he can keep in his own tight fists. More kindly commentators point out that there is something in the plea of special necessities. The military and naval establishments, the Government Printing Office and other organizations operating unique industrial plants, obviously do have need of many items of equipment and supplies outside the orbit of an official shopping agency supplying conventional clerical offices in the District of Columbia.

Whatever the merits of this tug-of-war for and "agin" coalition purchasing, these merits have been lost on the holders of the purse-strings. The executive staffs in the government departments have been divided in opinion but there has been no such cleavage in congress. In the national legislature, in season and out, and always with rising clamor, there has been a call for arrangements that would capitalize the economies that should presumably accrue from quantity-purchase. Particularly have the members of the Appropriations committees of the house of representatives and the senate harped on this idea of pyramiding purchases as a means of saving. Grudgingly but gradually the executive branch has given way to the will of congress until, with the advent of the New Deal, came almost complete surrender via the creation of that notable merger of purchasing, specifying and requisitioning agen-

cies known as the Division of Procurement.

Then, with the millenium of complete mobilization of federal purchases seemingly attained, behold what happens:

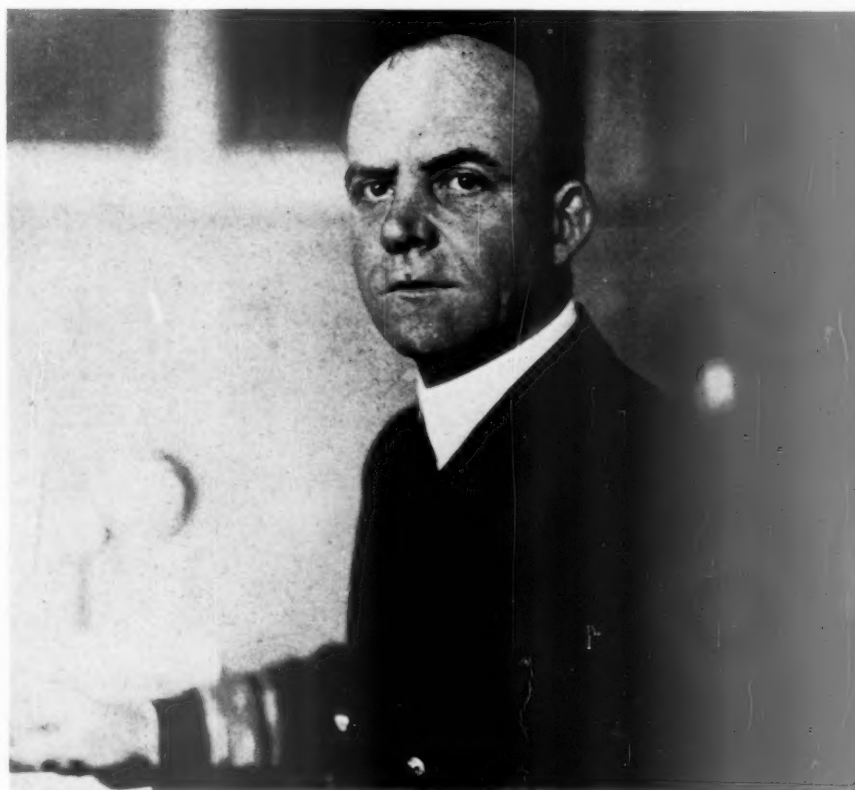
Sellers of certain standard lines of office equipment, invited to submit bids for covering the government's wants in 1935, submit identical bids. And bids that, in disregard of shorter tenure and "definite" instead of "indefinite" quantities, showed sharp advances over the prices under the smaller contracts for 1934 deliveries. Then was the fat in the fire. Bidders had an alibi for their echoing bids in the restrictions of the NRA code system. Uncle Sam was caught in his own strait-jacket. As an escape the president issued the order winking at cuts for a preferred class of buyers. And sellers, to make confusion worse confounded, lugged in the issue of their helplessness under the NRA rules against sales below cost.

How did Uncle Sam get this way? That is a question allowable

from any observer who sees the All Highest at Washington seemingly working at cross-purposes—commanding rigid regimentation of prices on one hand, and on the other hand, nursing competitive price cutting, albeit limiting it to 15 per cent. The answer to the riddle is found in the fact that the New Deal revolution has brought in its train a new system of collective governmental purchasing and a new agency of interdepartmental purchasing that is quite as keen as any purchasing executive in private industry to drive a good bargain. And, more especially, to coax a close price on the strength of prompt settlements. A shake-up of purchasing policy, in even greater degree than a realignment of organization, is the well-spring of the current attitude at Washington as respects buying on price.

KEYNOTE

For the keynote of the new era of federal barter, harken to Rear Admiral Christian J. Peoples, di-



PURCHASER PEOPLES:

"... mills and manufacturers will sharpen their pencils . . ."

ACME

rector of procurement. Speaking of his ambition to institute a more mobile form of purchase, the head of the new buying organization said:

"If you go to a business man and want 1000 gross of screws, or 10,000 reams of typewriter paper delivered at one place, to be paid for at once, or with full cash discount after 10 days, then the mills and the manufacturers will sharpen their pencils because they will compete with each other strongly."

As a revolutionary move to squeeze the last ounce of discount in future federal purchases, the Division of Procurement is substituting a system of "definite" purchase for the "indefinite" form of purchase which has heretofore been the rule in this quarter. Director Peoples holds that use of the indefinite form of purchase to cover commodity needs for a long period of time is nothing less than speculation and he is determined to get away from this program. The indefinite form of purchase allows a buyer to hold a supplier for deliveries at any time during the contract period and without any definite quantity being specified. Naturally, a seller, thus taking a leap in the dark as to his supply obligations, must protect himself in the matter of prices. And when, as in the case of contracts with the government, the "indefinite" compact has extended over a full year, the disposition of bidders has been to play safe via an especially wide margin to take care of possible price fluctuations.

BRANCH OF SUPPLY

Under the new policies, all government supplies for which requirements can be anticipated and consolidated will be purchased in definite quantities through the procurement division's Branch of Supply. Purchase being either direct or by one or more designated executive departments. Before a consolidated purchase of any commodity is made effective, there is conducted a study of all the fac-

tors entering into its procurement to determine whether the Branch of Supply can procure the article more economically and efficiently than other agencies.

Development to the utmost of "common supply," as a means of getting on a basis of "definite" purchases is one of the principal strategies of the government in its campaign to buy more closely. One of the cardinal sins of governmental purchasing in the past has been that too often the federal right hand did not know what the left hand was doing. The current plot aims at much more than a mere lumping of all purchases of a given kind. As a means to the end of common supply the Division of Procurement is going farther than any governmental agency has ever gone in encouragement of standardization of requirements. Furthermore, there is a studied determination to trim specifications to conform, in so far as is practicable, to commercial standards. Finally, as a ruse to rouse discounts, there is the warehousing angle of this new concept of common supply. In those areas where two or more federal services are located and where common requirements exist for frequently used supplies, stocks are to be maintained at one or more points in each area from which requirements may be met by direct distribution.

FUTURES

In casting up Uncle Sam's new-found schemes of discount-baiting, full credit should be given to the effect of the new formula for gearing purchases more closely to current demand. From the very fact of the magnitude of his requirements and the unusual delivery exactions Uncle Sam can never be, literally, a hand-to-mouth buyer. But he is nearer to it now than he has ever been before. Director Peoples, from the time he took the helm, maintained that it was not economical to make purchase commitments covering a full year. Therefore, the course of the Divi-

sion of Procurement has been attended by a gradual whittling down of the contract periods. Effort is directed to making 6 months the outside figure for duration of contract and, whenever possible, 3 months is the term.

To the same end of relieving Uncle Sam of speculative manipulation by bidders, the Division of Procurement is resorting, whenever possible, to seasonal buying. As one example of this trend there may be cited the plan to adopt seasonal purchasing for canned goods, a line that is bought heavily by the navy and certain other branches of the government. Under the old ritual when bids were called for in February or March to cover requirements for the fiscal year beginning July 1, it fell out that the government was engaged in a guessing game extending over a period of, say, 16 months. The revised procedure calls for purchase of canned goods during the packing season, or at the juncture when the new pack is just entering the market. The Branch of Supply is authorized to call upon the executive departments for such technical assistance as may be required in connection with its activities. So the new purchasing organization can summon a whole procession of marketing experts, etc., to give information on production outlook and advise as to the date for entry into the market with the best chance of winning the utmost advantage in price.

Aside from getting quantity and cash discounts from sellers, it is part of Uncle Sam's plot to give himself discounts, figuratively speaking, by cutting out all lost motion in the paper work of purchase. To that end it is the policy to cover needs by as few contracts as possible. That is to say by embracing as much as possible in one contract instead of parcelling the purchasing in a number of separate contracts. To the same end it is the policy to get along with as few purchase orders and paying vouchers as will suffice for the outfitting.

(Continued on page 22)

BUSINESS CONDITIONS *and* OUTLOOK

*A paper presented at the 19th Annual Convention
of the N. A. P. A. at Cleveland, June 21, 1934*

by

LEWIS H. HANEY

MY GENERAL position is that we are in the midst of a business depression, and that business depressions are the results of business booms. The depression is necessary in order to correct the maladjustments of the boom.

Post-war depressions are like others, except that they are more severe, because the expansion of credit during the war boom is more excessive. Wars are always financed by inflation, and result in large non-productive expenditures. And they leave terrible monetary problems, connected with debts of all kinds.

We are still suffering from the effects of credit inflation, and I hold the opinion that no sustained recovery can come until the conditions referred to have been corrected.

Consequently, I have deplored the idea of a "war on depression." Why should we want another war? The idea of a war on depression has brought the same inflationary wasteful methods which attended the real war, together with debt, regimentation, and nationalism. In our efforts to "stabilize" we have merely succeeded in freezing the existing mass of debts, and maintaining overcapitalization.



ACME

COTTON

Oversize stocks of these commodities . . .

Surely no one denies that we still confront difficulties. This is all I mean when I say that I think the fundamental trouble with our recovery program thus far has been the attempt to start recovery before we were ready for it — to try to build on an ill-prepared foundation. All of us want recovery; but some of us want only a sound and sustained recovery. And some of us again ask, "What price recovery?"

In a general way, I would say that among our chief difficulties are the following:

(1) Large stocks of commodities, such as cotton, textiles, tires, copper, lead, and zinc.

(2) Price maladjustments, such as in relatively high building materials and steel, and in the relation between farm products and manufactured goods.

(3) Maladjustments in our financial structure, such as overcapitalization and over-valuation of various assets, and the excessive amount of short-term debt.

(4) To a large extent, instead of liquidating private debts, they have been shifted to the public, or the federal treasury,



ACME

TIRES

. . . are obstacles in the road to Recovery.

and one may well ask what good are the so-called excess reserves of the banks, when they are built up by means of a large increase in the public debt?

In more detail, I would list as the difficulties which confront us, a group of conditions and policies which are making for uncertainty in business plans, and preventing the restoration of confidence in the future. As to the conditions which are in the nature of concrete facts, I would mention the following:

(1) The lack of a standard of value for our money, accompanied by the Administration's leanings toward a "managed currency" and its tinkering with over-valued silver. (It almost seems that one may say that the law of the New Deal is, "The more elastic the Constitution, the less elastic the currency.")

(2) An unsound tie-up between government financing and the banks, which appears in an extraordinary proportion of government paper in the assets of the banks, and an abnormally high ratio of loans and investments to total deposits.

(3) An unbalanced budget, with the prospective date of balancing made more remote by the drought.

(4) Reduced farm purchasing power.

(5) Excessive trade barriers among the nations, in the shape of tariffs, quotas, debts, etc.

As to the policies which are holding business down, they arise largely from the current tendency to mix social reforms with relief expenditures and methods of stimulating business recovery. This may be a "childish" opinion, as the President has called it, but I hold it, none the less.

I refer first to the price-boosting, wage-boosting, cost-boosting group of policies which are alleged to "create purchasing power." I refer to the policies of borrowing for lending and spending, which are used to prevent sound liquidation, keep frozen loans frozen, and preserve inefficiency in production.

No matter what replacement demand there may be, and we sometimes like to think of a large replacement demand for equipment that is building up, there will be no replacements until there is a profit in making replacements and a reasonable assurance that return on the invested capital will be forthcoming.

Another policy which we should watch because I think that now it is the keynote of the New Deal philosophy is this thing Professor Tugwell has called the "experimental approach." That means not proceeding according to any plan but means complete lack of planning; it means the quarterback idea that we will take one thing at a time as it comes along — as they say in the "Street" in New York, "well, tomorrow is another day." That is the experimental approach and under which we are going to have an extravagance of expenditures



TEXTILES

Another industry suffering from plenty.

by government which will make the extravagance of individuals pale. Are we going to have centralization and bureaucracy and building up of government employees? Well, that is on the way. With it is coming a demoralization of large groups of our people, which for our purposes this morning we do not need to discuss, but it is something that really worries me — the dependence on government planning, even of our rugged individualist farmers, and then we are becoming more and more content to sit back and say "let it not rain; the government will feed us."

I want to tell you that I am the last to deny that some good is coming out of all this trouble and all this New Deal. Some progress toward fair competition I think we are making. There are certain conditions of fact that indicate improvements we are making.

There has been a good deal of settling of private debts through liquidation, through foreclosure, rearrangement of terms on loans, etc. These things are most important and represent some progress in the right direction.

Farm land prices have been materially readjusted and debts of that kind have been reduced sufficiently to represent

some real progress. The banks, I believe, are probably sounder than they were earlier — at least that was true a year ago when, as we know, through the operation of the processes that went on during the bank holiday, there was a good deal of cleaning up.

Then we may hope that the replacement demands for capital goods of all kinds is accumulating on account of wear and tear, but more largely on account of obsolescence, in a way that will be all to the good some day. These things represent real improvement, some of it in spite of the New Deal.

There has been some progress toward fairer competition and I think that is one of the chief lines through which we should look for improvement. The naming of minimum standards as, for example, with reference to working conditions and wages — while it is dangerous, I think in the case of labor where the human element is so involved and the standard of living of human beings is concerned, it is desirable that some standard should be maintained in order to make life worth while — that is a good idea.

Another policy of which we may express almost unqualified approval centers in control of the financial game — regulation of stock exchange, securities and banking, the act to facilitate the reorganization of business organizations. They are all to the good. They will have to be readjusted no doubt, but the ideas are sound and they are going to have, in the long run, a beneficial effect.

Improvements in transportation are being worked out.

Then, our "business leaders" and "bankers" are duly chastened. I think one could find few now of whom one could not say that.

What about the outlook for business and prices? With this background let us attempt briefly to examine what one may say in the way of a tentative forecast as to the general trend of business and prices during the balance of the year, remembering that if the President wakes up one morning and decides something different, then all bets are off.

As to business life, it seems to me, and I find that most of my confreres of the forecasting game agree (which is one thing that makes me just a little bit doubtful about it — when you find all the "services" are pointing one way, you should lean back just a little bit), I would say that a gradual decline in business this summer is nearly certain and that might be expected to go on through July. Apparently this decline will be softened by government spending, but such a softening of a decline in business really isn't affecting business. Government spending takes as much as it gives. Government does not have anything to spend except what it takes away from human beings, and so this government spending will be piling up taxes and increasing government debt all the time. So far as those who have goods to sell to farmers and others who get government expenditures are concerned — that will help to stem that decline and apparently make for a moderate improvement.

As to next fall — and signs should appear before August is over — aside from seasonal gains which we will expect as a matter of course, the answer as to the trend business will take must depend entirely on the road to be taken by the New Dealers, between now and then. If those leopards change their spots and if they, from now on, begin to let business men run business and if they take steps to create a basis for confidence for business, I would expect a good rise in the fall. I would expect that we would have a rise on credit inflation with the danger of a runaway. I would expect that masses of excess reserves now approaching two billions in the principal banks would probably begin to break loose and we would go places. If, however, they do not change their spots and if they continue past policies, with the uncertainty and confusion which result therefrom, I think a reasonable inference is that we will have less than a seasonal rise in the fall and either a pretty dull bad winter or a resort to what would be

(Continued on page 28)

WE ARE WISER--- NOW

*The successful seller of today --- and tomorrow ---
must give more quality, more service, for less money*

by W. F. HOWELL, Secretary
Robert Gair Co.



W. F. HOWELL

HAVING become householders in 1924, we bought a considerable amount of standard equipment during that era of blatant prosperity, when mass production's only problem was keeping up with the insatiable appetite of the buying public. All these major purchases, which covered perhaps two dozen items, extending from sewing machine to mechanical refrigeration, were of standard brands, nationally advertised products, and it was surprising and disappointing to have more or less trouble with almost every item.

Everything was guaranteed, and in every case correction was made cheerfully, though sometimes slowly; but it was exasperating to have to send back defective castings from the washing machine, an improperly wound armature from the ironer, an imperfectly lacquered door from the refrigerator, etc.

It was obvious that in no case was the defective material the fault of intention on the part of the manufacturer, but just the natural result of too much hurry in production, careless inspection after manufacture, and inattentive or improperly instructed installers.

I wrote up this amusing comedy of errors at the time, but realized that such an expose was an anachronism, and suffered in silence. But now, I wonder, after several years of soberness and less money to spend if we are going to be quite as patient when the baffles in a gas heater are arranged so that the gas heats the furnace instead of the house. Will we not in the future

pay more attention to these annoyances, and be less tolerant of the manufacturer who does not see that his product is properly manufactured and intelligently installed?

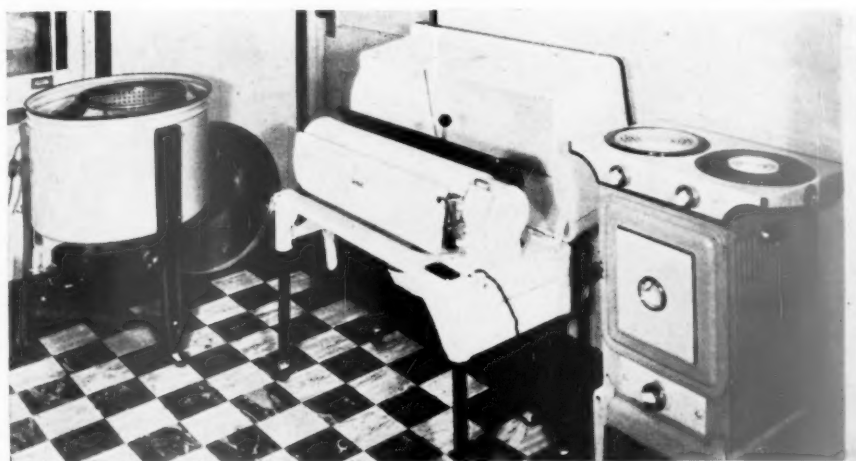
MORE QUALITY

It is always difficult in large organizations to render the efficient, personal service possible and vital to the success of a smaller unit. The large company is often too likely to feel that its duty has been done when an error has been corrected, and that by such correction no blot has been left on its 'scutcheon. In times of stress it is doubtful, however, if this is good enough. When the purchaser must get more for his dollar, he is going to demand values which are not measured solely in terms of price, but in those equally essential factors—quality and service.

The artisan is learning this fact. He must give better work at a

lower price—not just cheaper work, and a finished product which will bring him a repeat order. No one is satisfied now with a botched, temporary job; the workmanship must be good, as lasting as possible, and the price fair. We are not certain any more that we are going to redecorate every spring and fall as we once did when the quality of the work and the materials made little difference, nor are we at all certain that we shall have a new car every spring.

We hope that we shall patronize the interior decorators frequently, and that it may be possible to change our car nearly as often as formerly, but we are not sure of either; so we are likely to try to



"Everything was guaranteed . . . correction was made cheerfully . . ."



"Mass production is a Frankenstein . . . experts turn to economies and better products."

learn to buy real, sound values. We shall probably deliberate longer before buying, use our own heads a little more, listen less to ballyhoo, and make practical tests which will permit us to get more for our money.

LESSON

And this more sensible attitude, even though we are a careless people, is not going to wear off immediately with the return of easier times. Too many of us were left in 1930 with less buying power and a heavy inventory of poor goods, bought too heedlessly. The furniture and equipment bought in times of plenty at high prices should have been solid enough to last out a few years of bad times, but, unfortunately, in far too many cases we found that we had been governed in our purchases entirely by price. If we paid high prices we assumed we were receiving better quality, but we did not use our good sense in making tests which would have been obvious if dollars had not been so easy to get and to spend. The far-reaching effects of the depression have hit not only one generation but have left their impress on at least two, and if we are not completely dotty, we should be wiser for a few years at least.

The study of consumer needs will soon balance once more the study of production and sales problems. Mass production, it has been shown, is a Frankenstein, and with less volume to maintain production experts now turn their ability to economies and new and better products. Supersales effort is being replaced by serious, sober salesmanship. In all probability

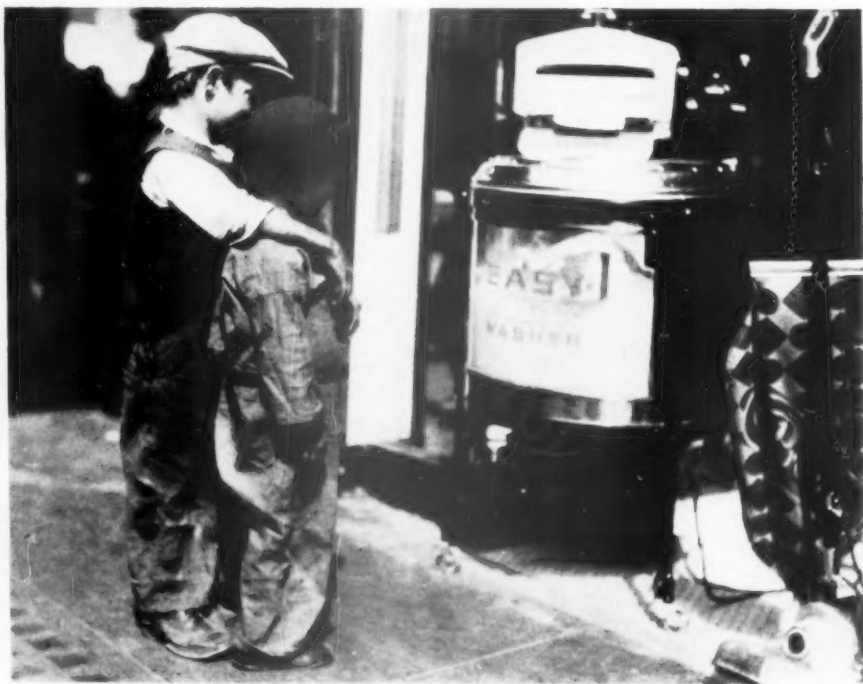
the companies who have made these changes and supported them by competent research work, will weather the storm best.

CONSUMER-CONSCIOUS

Already there are signs that manufacturers and retailers are beginning to take into account the more exacting, and at the same time more rational viewpoint of their clients. A prominent department store has devoted whole pages in the daily press to the exposition of its Bureau of Standards, a testing department devised to protect the buyer, and to give him assurance that he is buying the quality he expects. This department is not only in charge of experts but is fully equipped with expensive apparatus to carry out its ambitious program.

Even the farmer, obviously one of the poorest of merchandisers in the past, is now studying his consumer market. Protective packing and attractive presentation are quite as important to farm products as to cosmetics, but that fact was long overlooked, and it was assumed that because potatoes were a necessity there was no point in in-

(Continued on page 22)



"... effects of depression have hit not only one generation, but have left their impress on at least two . . ."

ACME

CONVENTION ADDRESSES

Space does not permit publication of all the addresses given at the N. A. P. A. convention.

Below are abstracts of some of the best ones.

SERVICES RENDERED TO THE CONSUMER

by C. W. APPLETON,
General Electric Co.

IF the American people were forced to revert to the electric lamp efficiencies and current cost of 1900 but were to continue to use the same amount of artificial light as now, their annual lighting bills would be increased by about six billion dollars.

To achieve this saving huge expenditures have been necessary. One manufacturer, he declared, has spent more than \$20,000,000 in research and development in incandescent lamps.

In these twelve years the cost of light to United States consumers decreased from \$6.92 per million lumen hours to \$3.46, or 20 per cent.

During this period consumers paid 12 billion dollars for light. If no economies had been made during this period, the cost of light would have been 18 billion dollars. Therefore, the value of economies made during this period was 6 billion dollars, distributed as follows:

556 million dollars or 9.3 per cent from lower lamp prices; 2,194 million dollars or 36.7 per cent from lower current prices; 3,250 million dollars or 54.0 per cent from higher efficiency of lamps.

The total value of lamp sales during this period was 1,035 million dollars. In other words, the value of the economies made since 1920 was nearly six times the price paid for the lamps.

New developments and new equipment for generating, and transmitting and distributing electrical equipment are ready to meet the new requirements. The use of these in place of the old equipment will increase efficiency; lower the cost of making; transmitting and distributing electricity; decrease maintenance costs; bring a higher standard of service; give greater ease of operation, and increase safety to operators and consumers.

Millions of dollars have been spent in the development of electron tubes, not only for radio, but for industrial purposes. Tube control has solved a number of industrial problems. The possibility of high voltage direct current transmission through electron tubes has been kept steadily in view, and although it seemed a mere dream ten years ago, hundreds of thousands of dollars have been spent in tube and circuit development, until now

that dream has taken on substance and its full realization is drawing measurably nearer.

Back of the research on specific problems lies the field of pure science, and here also the laboratories of the manufacturers are active. Never before was physical science making such strides as today. The absurd impossibilities of forty years ago are accepted facts today. Physicists are smashing atoms, transmuting one element into another, and even converting matter into energy.

Just as the electrical industrial research laboratories in the past seized on the discovery of the electron to give us transcontinental and transoceanic telephony, radio broadcasting, talking movies, million-volt x-ray tubes, and tubes for industrial applications, so those laboratories today are closely following the new developments, participating in them, and watching alertly for new discoveries which can be utilized in industry.

In our own laboratory today we have in progress researches in atom smashing, in the fundamentals of magnetism which still remain shrouded in mystery, in the direct transformation of radiant into electrical energy, in the new field of surface chemistry, and in other fundamentals.

Every effort is being made to maintain and increase the lead in the electrical industry which America has held among the nations from the beginning. And in the success of this effort all American industry is concerned. The statistics already given on electrical industry itself from the advances it makes. The special knowledge it possesses and the developments it is enabled to complete, the industry seeks to apply helpfully to the problems and special needs of its consumers.

♦ ♦ ♦

FUTURE OF INDUSTRY

by LEONARD H. SWINBANK,
Chemical Industries, Ltd.

A GENERAL rise in world prices, re-establishment of an international monetary system, and practical steps to hold in check the excesses of economic nationalism—these three objectives are of prime importance for restoration of prosperity.

To raise all prices together has been uppermost in President Roosevelt's mind and your price level is now responding gradually to his efforts. The devaluation of the dollar and the establishment of a free market between the new dollar and gold is having its results.

American prices are tending to come into equilibrium with the world price level, and are moving upwards in order to do so. What I hope will happen, is that the upward movement in American prices will not only stimulate American recovery, but also will assist the natural forces of recovery in the world as a whole. Thus the initial stimulus of the President's policy may well have the effect of keeping both American prices and world prices rising after they are again in equilibrium with each other. If this happens President Roosevelt will have succeeded in his first objective.

With regard to the second objective, namely, the reestablishment of an international monetary system, the president has already taken the first step, by the return to the gold standard. Of the three great currencies of the world, the dollar, the franc and the pound sterling, it is the pound sterling which is still off gold, and, therefore, the initiative may appear to lie with the British government.

Great Britain has not forgotten the effects of its own high level of costs in the period 1925-31 and is not anxious to repeat that experience.

An essential of a permanent international monetary system based on gold is that the parities between the main currencies should be stable. The pound sterling can only be stabilized at a parity at which it is neither undervalued nor overvalued to any extent in relation to world conditions. You will, therefore, realize that the British government would return to gold only with the greatest circumspection, and that the time is not yet opportune.

However, if President Roosevelt's policy in raising prices continues with the success it is now showing the British government will give serious consideration to a return to gold.

The third objective, namely, the practical steps to hold the excesses of economic nationalism in check is the most difficult.

It is easy for us all to agree on the theoretical desirability of the free inter-

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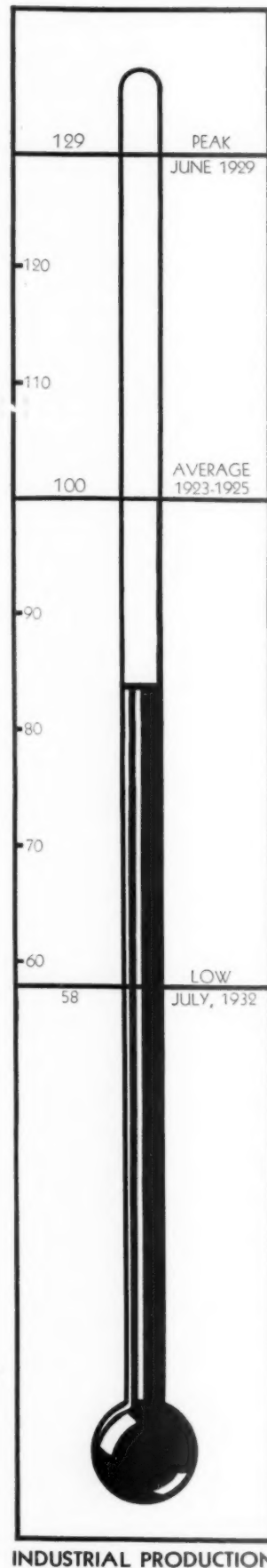
Pulse of Business

GENERAL business, now in the midst of summer doldrums and looking toward the fall season when an expansion generally takes place, is in a hesitant state. It has become so accustomed to government supervision, regulation, intervention and regimentation that individual initiative is almost a thing of the past and is secondary to governmental policy.

Lack of definiteness on such a vital factor as the money question and the price situation is felt in some circles to be responsible for part of the recent drop in trade and industry. This point is difficult to prove, but certainly a pronouncement to the effect that no further depreciation would take place or that fiat money would not be issued would remove two of the gravest obstacles to a sound working out of the present situation.

Most of the elements necessary for a sound business recovery are and have been present for some time. Banks are flooded with funds which could be utilized if the possibility of profit were more evident, but with costs increasing generally as a result of higher wages, raw materials, code administration, higher taxes, both general and income, etc., the prospects of profit are much reduced and hence business expansion is not attempted. Uncertainty is always a very difficult thing to cope with; an almost hopeless situation can be overcome if it is understood, but vagueness always complicates matters.

The drought situation is probably pictured more severely than the final figures will show and so far as purchasing power is concerned, higher prices will offset part of the loss while government spending will take care of the rest. Total farm income, including allotments, grants, etc., for this year, is estimated at \$1,000,000,000 over that of 1933. Inequitable distribution, however, will be



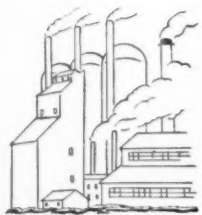
quite evident. Planned economy, particularly the AAA, has received a serious blow, for now farmers who were paid not to plant are again to receive additional sums for failure of what was planted and then destroyed or did not grow. That sort of economics cannot long continue without a breakdown somewhere. The deficit now growing must be made up in some way and this means high taxes for a long time to come or outright inflation. The latter does not seem imminent, but inflation through budgetary deficit has been well under way for some time.

In the industrial field pig iron production in July was down 36 per cent from June and all the gain since the beginning of the year was surrendered. There were 74 furnaces in blast on Aug. 1, compared with 105 a year ago and 117 at the start of May. Steel ingot production in the first week of August was at 26 per cent of capacity, compared with nearly 60 per cent in June. The drop was unusually sharp because buying in June was beyond current requirements. Automobile output in July was estimated at 270,000 units and in the year to date 65 per cent more cars have been produced than in the corresponding period of 1933. August schedules indicate that output will probably be less than a year ago and below the July level, but at a slightly higher rate than was previously announced. Electric power production and earloadings have shown only moderate declines after allowing for seasonal changes.

The labor situation is slightly less acute, but is still in need of a clearly defined policy. Strikes continue in many sections and the index of employment has declined.

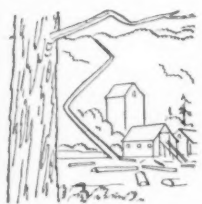
The whole general situation is very confusing to the average business man and fall and winter outlook is clouded by this fact.

Commodities



STEEL

Steel buying in July was down sharply from June and orders in the first part of August were extremely limited. Shipments declined even more sharply than output which in the latest week was at 26 per cent of capacity compared with a high of 60 per cent in June. Prices are slightly lower on some grades than a month ago, but are higher than at this time last year.



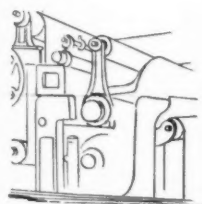
LUMBER

In late July following announcement regarding minimum prices, involving a reduction of 10 per cent in all building lumber, buying increased considerably and production expanded somewhat, but the latter exceeded shipments by a wide margin.



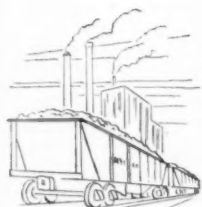
PETROLEUM

Crude oil production has been declining recently but daily average output in late July, at 2,576,000 barrels, was still in excess of the federal quota, though more than 100,000 barrels below a year ago. Gasoline consumption has held up well and prices have shown only minor changes.



PAPER

Demand for paper and allied products has declined about seasonally this summer and in early August there were indications that the low point had been touched. Prices remain unchanged.



COAL

Bituminous coal production in July was little changed from June, but current output is under a year ago.

A moderate price advance has not stimulated buying and there has been considerable discussion of the code price. Commercial stocks at mid-year in terms of days' supply were 23 per cent larger than in mid-1933.



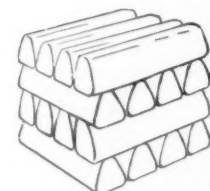
RUBBER

Crude rubber in early August was quoted above 15 cents a pound, compared with seven cents a year ago. Buying on the part of domestic users, however, is limited, partly because of the reduced industrial activity. Domestic rubber stocks are larger than at this time last year.



COTTON

Following announcement of a probable cotton crop of only 9,195,000 bales, which is less than the limit set by the Bankhead bill and compares with 13,047,000 bales produced in 1933, raw cotton prices rose to 14c a pound, the highest since 1930. One month ago quotations were 12.5c.



COPPER

A considerable spread exists between the 7½c a pound on the foreign market, and the domestic price of 9c which is somewhat artificial. The industry's statistical position has improved under the code, but the spread between foreign and domestic prices cannot continue indefinitely.



ZINC

Stocks of zinc in this country were lower on August 1 than a month earlier or last year at this time. Shipments exceeded output in the month, but both were down quite sharply from a year ago. Prime zinc is quoted at 4.30c a pound and the sales volume has been limited.

NEW PRODUCTS *and* IDEAS

DETECTO POST-O-METER, manufactured by the Jacobs Bros. Co., Brooklyn, N. Y., is designed to facilitate and speed up mailing-room shipments and at the same time eliminate the possibility of error in postage calculation. The machine is



equipped with a separate key for each postal zone. When the operator presses the key for the desired zone a small shutter slides back revealing the exact amount of postage required for the package and its weight in pounds and ounces.

Compactly built and having no superstructure this machine can easily be set into the mailing table so that its top is flush with the surface. It is equipped with removable bulb, cord and switch for inner illumination when needed. A "quick stop" device stops the movement of the drum chart and greatly increases speed of readings.

♦ ♦ ♦

NEW AUTOMATIC heating device for domestic use has been announced by Kelvinator Corp., Detroit. Working in collaboration with Kewanee Boiler Corp., a division of American Radiator Co., the company has produced a self-contained unit that combines an integrally designed steel heating boiler with the most advanced type of automatic oil burner.

The new boiler-burner will retail for less than any similar device now on the market, the company states. Marked fuel economy as a result of unusual operating efficiency characterizes the device which is adaptable to both hot water and steam applications. Provision also has been made for the installation of an automatic hot water heater at a very slight additional cost.

♦ ♦ ♦

STONHARD CO., Philadelphia, has developed a liquid material called Stonhard Stontite, which stops leaks ranging from streams the size of your fist to occasional seepage.

This material can be used to waterproof foundations, walls, elevator pits, floors, tunnels, swimming pools, reservoirs, dams, aqueducts—in fact anything constructed of concrete. It is not necessary to remove

the hydrostatic pressure, for this material is used on the free or open side of the structure.

Complete information and specific recommendations for individual applications can be secured from the manufacturer—401 North Broad street, Philadelphia.

♦ ♦ ♦

BREUER ELECTRIC MFG. CO., Chicago, announces the development of the Model 112 Tornado Industrial Vacuum Cleaner, a heavy duty machine of exceptional power combined with light weight. Specifications include 1 h.p. ballbearing motor, 46¼ in. waterlift, weight only 45 pounds, observation glass, 12 gallon steel tank, complete set of standard attachments for all plant cleaning purposes. A special feature of this durable machine is the observation glass which allows operator to see dirt being removed when cleaning. Tremendous power is also combined with light weight and complete cleaning. Motor unit can be removed for use as a handy blower. Aside from standard attachments for cleaning machinery, motors, overhead pipes, walls, floors, rugs and all other industrial applications, special tools are also available for cleaning furnaces, boilers, ovens, flues, boiler tubes, etc.

♦ ♦ ♦

ADDRESSOGRAPH-MULTIGRAPH CORP., Cleveland, announces the development of an entirely new line of equipment specifically designed to meet the demand for industrial form writing or factory record keeping. Many of the most revolutionary developments in both the Addressograph and Multigraph divisions have been adapted for utilization in the shoe, clothing, textile, electrical and machine industry, according to the company. The development of this equipment was prompted by the desire of manufacturers to reduce factory costs, insure accuracy and speed up the clerical work connected with manufacturing. As an aid to these industries, the company has made an analysis of the various factory form systems covering all sizes and kinds of factories to which the Addressograph-Multigraph line can be adapted. It has also instituted a special course of training in the use of this equipment for all Addressograph-Multigraph representatives.

♦ ♦ ♦

A PORTABLE LIGHT DUTY electric grinder that can be taken to the job is announced by Signal Electric Mfg. Co., Menominee, Mich., manufac-

turer of electrical appliances. Body and handle are cast aluminum, so that the entire weight is 9 pounds net. Overall length, 14 $\frac{3}{8}$ inches; diameter 4 inches. Universal motor for D. C. or A. C. 110 volts, 25 to 60 cycles. Speed no load, 3400 r.p.m. Amperes 1.5 and it has a positive "make and break" toggle switch. Brushes are accessible from the outside. Equipped with 8 feet of heavy duty, rubber covered cord with rubber plug and 4 inch general purpose grinding wheel. Bearings are bronze, wool packed with thrust ball bearing on shaft wheel. Gears are special alloy, heat treated.

♦ ♦ ♦

CAMERON MOTORPUMP is now built in twenty-six sizes ranging in horsepower from $\frac{1}{4}$ to 30, and in capacities from 5 gpm. to 1000 gpm. Certain sizes are two-stage units and some other sizes are fitted with a self-priming attachment, which makes them suitable for use as sump or gathering pumps in mines. The Motorpump is a complete pumping unit, with built-in electric motor and pump rotor on the same shaft. Because of its perfect balance, almost no foundation is required. It can be operated equally well in any position.

♦ ♦ ♦

ELECTRIC HOSE & RUBBER CO., Wilmington, Del., has recently developed two new types of air hose. The *Electric Portable Compressor Hose* which is designed especially for direct connection to portable air compressors or for other service where excessive amounts of oil may be blown into the hose. This hose has a lining of a special compound which is resistant to internal heat and will not disintegrate or peel off from constant contact with oil. As a consequence, the hose lasts much longer and no rubber passes through with the air to clog the tool.

The *Electric Rock Drill Hose* which has been developed especially for service in mines, quarries, construction work, etc., where the hose is constantly dragged over sharp rocks and rough surfaces which tend to cut or shear it. It is covered with an extra heavy layer of rubber especially compounded and cured to resist abrasion and cutting action. Its tube is of special composition to resist oil and heat.

Both of these new types of hose are reenforced by strong tightly twisted cords spirally braided around the tube and completely surrounded by rubber, resulting in greater strength and flexibility which gives the maximum of life in severe service.

♦ ♦ ♦

NEW WELDING HELMET developed by the safety engineering bureau of American Optical Co., Southbridge, Mass., is particularly suited for work in confined spaces such as tanks, ships' hulls, locomotive front ends, and fire boxes. Designed to fit

closely to the face and sides of the head without sacrificing ventilation or causing light leaks, the helmet is cool and comfortable under the most humid conditions. The Bakelite welding glass holder is outside of the helmet and is fully dielectric. It assures the wearer of freedom from burns if accidental contact is made with the electrodes while working. The added distance from the face to the welding plate permits the helmet to be comfortably worn with a respirator and also helps to prevent fogging. Noviweld glass, which screens out more than 99 $\frac{1}{2}$ per cent of all injurious light rays, is standard equipment. A swivel connection between the helmet and headgear provides three positive positions in which the helmet can be set when in use. Looseness, slipping and sideplay are eliminated. The entire unit is extremely light in weight and the balance between the headgear and the helmet increases the speed and positiveness with which the helmet can be set in position.

♦ ♦ ♦

OLIVER INSTRUMENT CO., Adrian, Mich., are announcing an improved heavy duty die making machine with a capacity for sawing or filing in metal up to 3 inches in thickness and filing still heavier material with a shorter stroke. The stroke is adjustable from 0" to 5" and six speeds are provided from 100 to 300. Any type of parallel files or any size of saw from the smallest to heavy machine saws can be held in the clamps without any previous preparation.

♦ ♦ ♦

REEVES PULLEY CO., Columbus, Ind., announces important improvements in the design of electric remote and electric automatic controls for the Reeves variable speed transmission, making possible further extension of the many advantages which these controls provide. Both types of controls depend basically on a fractional h.p. reversible motor which actuates a speed shifting screw to rotate in either direction as required and to vary the effective diameter of a V-belt which runs over two sets of adjustable cone-faced discs mounted on parallel shafts. One shaft is operated at constant speed; the other, connected to the driven machine, at variable speed as the V-belt assumes different diameters between the discs on this shaft.

On the automatic control, speed changes on the driven machine are effected by an extended lever connected to the machine through cable floating or follower roll, or any element from which indication of required speed can be taken. On the remote control, speed changes are secured instantly simply by pressing a button in one or more push button stations located wherever required.

The POWER *of the* PEN

Being an exposition of some of the far-reaching effects of rubber stamps, initials and signatures of other kinds.

by LEO T. PARKER, Attorney at law

GENERALLY speaking, an employer, as a seller or a purchaser, is liable for all contracts made by employees who act within the scope of the employment.

There are instances, however, when an employer is liable for signatures affixed by employees who have no authority to bind the former. Generally, this latter legal liability can exist only when the employer has done some act which leads the complaining party to believe that the employee has proper authority to enter into binding contracts, at least of the kind involved in the litigation.

Therefore, in order to mark clearly the distinction between the kind of signatures for which an employer is and is not liable, and the circumstances under which liability may exist, we shall review various higher court decisions which involve different phases of the law on this and analogous subjects.

EMPLOYER LIABILITY

Contrary to the opinion of the majority of persons an employer is liable for any form of signature, made by an authorized employee, such as that made with a rubber-stamp, typewriter, initials, or other symbols.

For instance, in the leading case of *Mayers V McRimmon*, 53 S. E. 447, the court considered the relative rights of an employee to bind his employer by imprinting the latter's name with a rubber-stamp. This court explained the generally and presently established law on the subject, as follows:

"Where the name required has been so placed by one having authority to do it and *with intent* to endorse the instrument, the authorities hold that this is a valid endorsement."

In still another case, *Carrol V Mitchell Mfg. Co.*, 128 S. W. 446, an authorized employee affixed his employer's signature, with a rubber-stamp, to a note for \$112.50. Later, the employer attempted to avoid payment of the note on the ground that he was not legally bound by a rubber-stamp signature. However, the court held the employer liable and explained that since it was proved that when the signature was affixed he intended to be bound, the rubber-stamp signature was equally as effective as one pen-written.

Also, the same law is effective where a person or an authorized employee affixes a signature with a typewriter intending to make a valid contract. (195 Pac. 316)

INITIALS & SYMBOLS

Moreover, it is immaterial whether an employer or his authorized employee signs a contract by full name or initials, providing the employer intended to be bound when the signature was affixed. For example, in the case of *Meaton V Meyers*, 33 Ill. 424, it was disclosed that a principal signed a contract "H. C. M." Later, litigation developed and the higher court was presented the question whether or not the contract was valid.

After carefully considering all details of the controversy the court



LEO T. PARKER

held the signer liable and explained that any person may bind himself to a legal obligation affixing any form of signature or mark if the signature is substituted for the signer's name *with intentions to bind himself*.

On the other hand, it is important to know that the holder of a contract signed with a rubber-stamp, typewriter, or initials is bound to prove to the satisfaction of the court that the signature was affixed by the employer or his agent with intentions of completing the obligation.

Furthermore, an employer who authorizes an employee to use a mechanical signing device, or authorizes his employee to affix the former's written signature, is liable where the employee exceeds his authority and signs a contract with a firm or person who has made previous contracts in the same manner. This is also true where all parties to the contract know that the employee has general authority to sign contracts for his employer or principal.

FRAUD

For illustration, in the very recent case of *Rivers V National Bank of Columbia*, 133 S. E. 210, it was disclosed that a bank furnished an employer with a rubber-stamp for use by the latter's book-

(Continued on page 20)

NEW PRODUCTS

COMplete line of rubber tired industrial wheels, specially designed to replace obsolete steel wheels on equipment already in service is announced by The B. F. Goodrich Co., Akron, O.

Known as Goodrich "Vule-On" the line is now available in a wide assortment of sizes and types to meet practically every operating condition, in factories, docks, loading platforms and warehouses. The name originates from the fact that the rubber tire is permanently bonded to the wheel, which is accomplished by vulcanizing the rubber to the metal by the same process used in manufacture of solid truck tires. Made by this method, tires do not stretch or roll off the wheels.

Tires are constructed of the Goodrich roller compound tread, affording maximum cushion to floors and load. Under ordinary conditions they roll easier than a steel tire.

Standard, cage type, anti-friction roller bearings are used in the one-piece metal wheels. Standard lubrication fittings are provided for.

Advantages cited by the manufacturer for the "Vule-On" rubber tired wheels are: Reduces wear and tear on floors; easy rolling; lower depreciation on equipment; less noise and confusion where they are used; reduces breakage claims; fewer delays and tie-ups and increased handling speed.

◆ ◆ ◆

A NEW TOOLS booklet has been issued by the Brown & Sharpe Mfg. Co., Providence, R. I., listing the newest additions to the company's line of measuring tools, gauges, arbors, shop equipment and pumps. The booklet comprises 48 pages, is well illustrated and will be sent upon request to anyone interested.



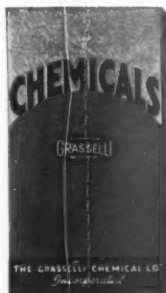
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It is also necessary to the maintenance of your production schedules that these stocks be *near you*. Prompt delivery service is becoming an increasingly important factor in the buying habits of modern industry.

GRASSELLI qualifies preeminently in both of those requirements. Not only can we furnish you chemicals of highest quality (GRASSELLI GRADE) but just when you want them. Among our branches and warehouses listed below there are one or more near you for prompt service.



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GRASSELLI GRADE

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THE POWER OF THE PEN

(Continued from page 18)

keeper to endorse checks for deposit. Without authority of the employer, the bookkeeper used the stamp to endorse checks on which he fraudulently obtained money. This court held the bank liable for the heavy financial loss and explained that the employer was not negligent where under these circumstances his bookkeeper used the rubber-stamp, supplied by the bank, to endorse checks illegally and fraudulently.

In another case, *Standard Co. V Corn Exchange Bank*, 116 N. E. 368, a stenographer was authorized by a bank to use a rubber-stamp to endorse checks for deposit, for her employer, as follows: "Pay to the order of the Greenwich Bank, the Standard Co." She was also authorized to write after these words her employer's name, as follows: "Percy H. Ponder, Treasurer."

PROTECTION

Without authority, she endorsed several of her employer's checks in her own handwriting. The checks were cashed for her by two business men who later deposited them in the bank. The bank collected the money and paid out the proceeds in the regular course of business. This court held the bank, and not the stenographer's employer, liable, saying:

"The business man who authorizes his clerk to take his checks to his bank for deposit does not vest in her so dangerous a power as to preclude him from setting up her lack of authority if she endorses his name thereon in blank and innocent persons cash the check for her. If greater authority has been conferred, expressly or by implication, or if the principal has been negligent, or has ratified the conduct of his agent, the law will not shield him."

In the latter illustrations the banks were held liable primarily

because they supplied the rubber-stamps by which the endorsements were fraudulently made.

If, however, an employer generally permits his name to be signed by an employe by pen-written or rubber-stamp signature, he is liable for unauthorized contracts signed by the employe in this manner.

AGENTS

It is important to know that an employer may be liable for the acts of a general agent, while under the same circumstance he may not be responsible for the acts of a special agent.

Legally, a general agent is an employe who has general authority to act for his employer in the conduct of a business or department of a business. A special agent is one who is authorized to act for his employer in a limited capacity, as doing only a single act.

In the recent case of *Brager V Levy*, 90 Atl. 102, the court in explaining the extent of an employer's liability for the acts of a general agent, said:

"A general authority empowers the agent to bind the employer by all the acts within the scope of his employment, and that power cannot be limited by any private order or direction *not known to the party dealing with the agent*. But the responsibility of the principal about third persons is not confined to cases where the contract has been actually made upon an express or implied authority. It extends further and binds the principal in all cases where the agent is acting within the scope of his usual employment, or is held out to the public, or to the other party, as having competent authority, although in fact he has in the particular instance exceeded or violated his instructions and acted without authority."

On the other hand, in the recent case of *Fargason Co. V Dudley*, 294

S. W. 86, in explaining the duty of a person who deals with a special agent the court said:

"A person dealing with an agent is at once put upon notice of the limitations of his authority and must ascertain what that authority is. . . . Such person cannot presume that such authority exists; he cannot rely upon the representation of the agent as to what his authority is; he must make inquiry and use due diligence to learn the nature and extent of such authority. If he does not, he deals with the agent at his own risk, and if the authority of such agent is disputed, it devolves upon him to prove it."

An example of an employer's liability for the acts of a general agent is given in the recent case of *Lacy V Globe Indemnity Co.*, 126 S. E. 316. In this case a manager accepted negotiable receipts and without authority used them as collateral to secure his individual note for \$6500 and when endorsing the receipts signed his employer's name, per himself, as manager.

On the maturity of the note it was ascertained that the employe had fraudulently used the receipts as collateral on his own note. Suit was instituted by the bank against the manager's bonding company to recover the value of the merchandise represented by the receipts.

It is interesting to observe that the court held the bonding company liable, saying:

BREACH OF DUTY

"It is further stated in the case agreed that the bank loaned the money to M. L. Walters in the due course of business and accepted said receipts as collateral without actual knowledge that the merchandise represented by same had been delivered to the parties depositing the same for storage. This, to our minds, represents a clear breach of a specified duty on the part of the local manager coming directly within the provisions of the bond given by defendant company as his surety, and bringing about the very

results that the requirement is intended to guard against."

However, an employer is not liable in damages where an employe forges receipts, contracts or the like, particularly where such employe is not generally intrusted with such business. Moreover, an employer, as a seller, never is responsible for the acts of third persons, as purchasers, who forge or alter contracts of sale, receipts, bills of lading or the like.

In cases of this nature the damaged party may hold either the employer, the bonding company or the employe liable.

PERSONAL LIABILITY

For instance, in *Trippe V Bell and Co.*, 78 S. E. 126, it was disclosed that an employe wrongfully delivered property belonging to his employer's customer to another. The damaged party sued the employe, instead of the employer. The court held the employe personally liable and explained that an employe always is liable for his wrongful and injurious acts.

Generally speaking, an employe is personally liable, when engaged in the performance of his employer's duties, (1) where he makes a false statement or representation of his authority, with intent to deceive; (2) where he knowingly makes a false statement or representation, without intent to deceive; (3) where he does a damaging act believing he has authority, but actually has none; (4) or where he acts on authority from his employer and does an unlawful act.

Moreover, an employe is personally liable on contracts which he signs, with proper authority, where his affixed signature does not clearly bind the employer.

For example, in *Thompson V Blackwell*, 56 Ky. 490, an employe was held not personally liable where he signed a contract "George W. Williams, G. W. P." In this case the letters "G. W. P." were the initials of the employer which Williams represented. At the time the contract was signed



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all the parties thereto knew that Williams represented his employer. Furthermore, the name of the employer appeared in the body of the contract.

FORGERY

It is well established that an employer may ratify a contract and make himself bound thereby, although the same was signed by an unauthorized person with a rubber-stamp or other means. And, of course, an employer may ratify even a forged agreement, provided the terms of the contract are agreeable to all parties involved.

For illustration, in the very recent case of *Mondragon V Mondragon*, 257 S. W. 215, the court said:

"A signature made by a rubber-stamp, typewriter or printing, or by another without authority and in the absence of the grantor, or even, when forged, may be adopted and the instrument to which it is

signed become binding."

Moreover, it is important to know that forgery need not relate to a complete instrument. To constitute the crime of forgery, it is only essential that three things should exist; first, false making or alteration of a written instrument; second, for the purpose of fraud; third, and the instrument is capable of effecting fraud.

Where an employe obtained possession of a blank paper having his employer's name signed at the bottom and without authority filled written matter above the signature, the employe was held guilty of forgery since it was proved to the satisfaction of the court that the act was done with intent to defraud. (70 Ill. 46; 26 F. R. 421)

Moreover, although an employe is authorized to sign his employer's name, he is guilty of forgery if he signs the name to a document or other contract intended to defraud the employer

WE ARE WISER - - NOW

(Continued from page 12)

quiring about consumer preferences. Then someone was smart enough to discover that when Madam bought some potatoes to bake, she was swearing mad when the grocer delivered a variety of sizes. The grading of potatoes is gaining headway rapidly, with increased profit to the grower and better satisfaction and less waste to the user.

With the increasing exactions of the market, the farmer is now extending this same care to the marketing of other products. Lima beans are sold in boxes rather than second-hand burlap bags; and the best apples throughout the country now come in sturdy corrugated paper boxes with interior packing so arranged that each apple has a cell of its own, and is not liable to bruising or to contamination from neighboring spoiled apples.

Research has made possible the transporting of meat, fish, vegetables and fruits to the consumer, through the use of rapid freezing processes, in perfect condition. By these methods of seasonal fluctuations in prices can be avoided, waste during the height of the season eliminated, and foods can be properly preserved at the time of their best flavor. A smart merchandiser recently overcame an American prejudice against rabbit meat by building up a strict, sanitary, special-diet method for raising rabbits and then marketing the product in a way which was pleasing to the most fastidious. A new item was added to our diet.

A soap manufacturer discovered that the usual box of soap flakes was hardly a wash-day supply for the user of a washing machine, and put on the market a 5-pound box, which, because of the larger unit could be sold for a much lower price per pound. The idea was sound; the package filled a need; money was saved for the user, and this brand of flakes increased in sales.

Many examples of this more sympathetic understanding of the consumer's needs and desires have come to light in the past year, and it is a good omen. The seller is recognizing a duty to see his products all the way through and as his investigations progress, he is surprised to learn that he will be amply repaid for the extra burden he carries, because, as in any research program, it is the by-ways rather than the high-ways that yield the new and lucrative fields.

This trend probably will result in a more effective cooperation between the various departments of manufacturing and merchandising.

Not only to sell a product, but to see it through successful use, means a more complete knowledge on the part of the manufacturer, the sales force, the advertising agency, and all the way down the line.

NEW POLICY

The wise seller today is earnestly trying to get closer to the buyer's problems, and to revive the same relationships which existed between vendors and vendees twenty years or more ago, when money was not plentiful and success depended almost entirely upon a real social contribution.

H. A. Hopf said recently: "The successful executive of the future will be the well balanced executive. He will be profit-minded, but he will think in terms of ultimate good. He will no longer be the production executive nor yet the financial executive; nor will he, as some hope, be the sales executive. He will be detached from any special interest and open-minded toward all. He will have imagination to see opportunities for service and profit; he will have knowledge, the basis of control; above all, he will have wisdom, the ability constructively to use that knowledge."

Better times will come as we progress along these lines. Some accomplishment has already been made, the indications of which are no less apparent among the sellers than in the prevailing cautiousness of buyers.

FAMOUS 15 PER CENT

(Continued from page 8)

When the Division of Procurement took over the purchasing job, along with the work of the Federal Specifications board and the Federal Contract board, the reformers found that each department of the government had a different form of purchase order. In some instances a subordinate division or bureau boasted its own pet versions of purchasing forms. All of which took tidy toll in printing costs, not to mention the frustration of any attempt at simplification of office procedure. Although yet in its infancy, the get-together movement in behalf of less documentary drudgery has already returned rebates to Uncle Sam in the guise of saving on advertisements for bids, and reduced expenses for auditing, as well as the savings on printing and the curtailment of the clerical labor of purchasing.

That Uncle Sam has turned discount-hound to the extent that he has, is possible only because the new procurement division took over, along with other units, the federal warehouse. It goes without saying that, with a billion feet of storage space at their disposal, the procurement staff has the lay-out to test their theories of the possibilities of warehouse stocks as interdepartmental reservoirs. Just here it is worth mention also that the federal captains of purchase do not stop with the prediction of sizable savings to be effected by buying in large lots and having the federal warehouse issue in small lots as needed. They go farther and promise an improvement in the average quality of purchased supplies, thanks to the improved facilities for inspection which will be afforded in connection with concentration of warehousing.

The determination to place the whole job of purchasing for the government on a best-discount basis is due in no small measure to Uncle Sam's experience during the past

few years in the conduct of what is known as the Government Fuel Yards, the function of which is to supply fuel for all the government departments, bureaus and independent institutions at the capital. The operation of this establishment has demonstrated that a purchasing agency, serving a group of co-operators in purchase, may manage to take advantage of the utmost discounts, though operating on a comparatively modest capital.

WORKING CAPITAL

The government fuel yards, alike to the General Supply committee (predecessor of the supply branch of the procurement division) has conducted its purchasing by means of a revolving fund. However, in the case of the fuel unit the working capital has been \$390,000, compared with \$300,000 in the case of the General Supply committee. In the purchase of coal and other fuel, the turn-over has been about \$1,400,000 on a capital fund of \$390,000. But even so, it has usually been possible for the fuel purchasing agency to make payments promptly enough to obtain the benefit of maximum discounts.

Incidentally, the discount record of the fuel yard has presented something of a contrast to certain experiences of the General Supply committee. The departments or other government subsidiaries were supposed to reimburse the General Supply committee promptly for purchases, the more so because it was known that the central purchasing agency had to turn its revolving fund as much as seven or eight times a year. Bills were issued monthly but, in actual practice, it turned out that there was many a delay on the part of this or that branch of the government in settling for current deliveries. In planning the new purchasing set-up, the method of reimbursements has been simplified and the procurement staff is armed to insist upon "payment at once" to enable them to catch the discount dates.

NEW PRODUCTS

(Continued)

DURIRON COMPANY, Dayton, O., has just issued a new bulletin on centrifugal pumps for acids and alkalis. It covers a new series of pumps just brought and gives the general construction. Separate inserts will be issued on each pump giving the capacities, dimensions and rating charts. Included in the general bulletin, is a brief analysis of the different corrosion-resisting alloys in which the pumps are procurable.

Features of the new pumps include a one-piece base with extra large clamping yoke cast integral; the volute is held under compression, eliminating strain; closed type impellers are used with two or more sizes for each pump; bearings are removable bronze sleeves made of a special alloy, and the assembly is extremely simple.

Several of the models are available in self-priming types as well as the standard centrifugal.

♦ ♦ ♦

WESTINGHOUSE ELECTRIC & MFG. CO., East Pittsburgh, Pa., announces a new register cutter regulator for regulating high speed cutting of paper, cellophane, cloth and similar materials in accordance with printed matter, labels or other patterns where both forward and reverse correction of the position of the material is required. The equipment preferably is arranged to operate from phototubes, receiving impulses from a spot on the paper. Operation may be obtained also from contacts operated by a small perforation in the material or by a conducting section. Among applications are the regulation of the cutting of plain or waxed paper for bags or packages for coffee, bread and similar products, the cutting of cellophane for bags or packages for confections, toilet articles, garments, etc., cutting of cardboard or

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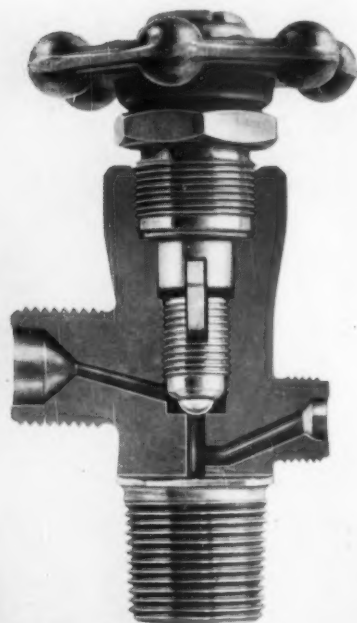
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corrugated paper with respect to definite length of printed matter.

Automatic register cutting control not only increases the output of machines, but also improves the accuracy of the operation and, therefore, improves the quality of the product. Production costs and wastage are reduced to a minimum.

♦ ♦ ♦

NEW type of needle valve—the ballseat needle valve—is now being supplied on most Oxweld blowpipes, according to a recent announcement of Linde Air Products Co., New York. The new



valve design is a great improvement over the old, and is interchangeable on all of the blowpipes now in service. It consists of a seat between the blowpipe body and the needle valve which is made of a hardened and highly polished stainless steel ball, held in a cage at the end of the valve stem. This type valve closes readily with the slightest effort and opens with equal readiness. The polished ball frees itself readily of all foreign particles that might impair the gas-tight seat.

CONVENTION ADDRESSES

(Continued from page 13)

change of goods and services; it is another matter to carry out the difficult negotiations involved in safeguarding existing interests and yet removing obstructions and restrictions.

Here again the president is preparing for action by the tariff powers he has already acquired. Secretary of Agriculture Wallace and Secretary of State Cordell Hull are both supporters of the policy of lowering American tariffs on industrial commodities in order that the export of American agricultural commodities may be stimulated.

The downward revision of tariffs is also being achieved by the British government by means of a series of reciprocal concessions contained in trade agreements with a number of individual countries. I expect that the president would exercise his powers in much the same way. At the present time it appears improbable that he would merely reduce American tariffs; it appears much more likely that he would make concessions in return for a guaranteed market for the produce of the American farmer.

In these negotiations I feel that it may perhaps be unwise to expect too much at first. The concessions first of all granted may not represent very much, measured in millions of dollars' worth of additional American exports, but as time goes on reciprocal concessions between nations will further stimulate the trade which has already benefited from the rising prices.

There are signs throughout the world that confidence is gradually returning, and that the commercial instincts of business men are reasserting themselves. It is quite possible that the recuperative power of business will surprise us.

♦ ♦ ♦

CODE HANDICAPS TO THE PURCHASING AGENT

by J. W. NICHOLSON, Milwaukee

I AM glad I was not asked to speak on the other side of the question inasmuch as the benefits which have been and are now being derived from codes are being realized particularly by industry.

My employer is a municipality which manufactures nothing and is an ultimate consumer in the strictest sense of the word. As such we have received no direct benefits of code operation. On the contrary, we have been and are now squeezed between two unyielding forces, namely, price advances of from 25 per cent to 300 per cent, and reduced

income of 50 per cent, represented by tax reduction and unpaid taxes.

As consumers we have had the opportunity of observing the operation of codes at first hand and have a number of observations and suggestions to make. These are made not as carping criticism or sniping but for the purpose of showing the evils and handicaps which have developed under code operation and of suggesting constructive remedies.

It is impracticable and an impossibility for one man, even a purchasing agent, buying a wide diversity of commodities to be familiar with every one of the codes which govern the manufacture and sale of these commodities. While codes follow a fairly definite plan of hours and wages, the matter of prices, terms for payment, shipping conditions and a diversity of other factors necessarily vary with each code.

As a result there has developed general misunderstanding and confusion, not only on the part of purchasing agents but of vendors as well. One might assume that a vendor having only one code to follow may be so conversant with the terms and ramifications of that code that he can make an intelligent bid and stick to it.

Nevertheless, we find that in a large percentage of cases there is a general misunderstanding on the part of bidders as to what they may or may not state in their bids and as a result bids are frequently withdrawn.

Very often when an award has finally been made and the order issued and accepted, the purchasing agent and vendor are informed by the code authority that the contractor has violated some part of the code with the result that even though the purchasing agent has made a valid contract, the vendor cannot fulfill it. The order is then returned by the vendor for cancellation as no changes can legally be made. This causes double or even triple the work necessary to transact a simple purchase. No doubt, these difficulties will be cleared up eventually when the meaning and intent of codes has been so clarified as to be clearly understood.

In certain lines of merchandise there have been fairly uniform prices prior to the NRA. This was due to a great extent to a natural gravitation to a common level although there were some outstanding cases of collusive price fixing. Let us see, however, how unscrupulous vendors take advantage of uniform price fixing, permitted under codes to enrich themselves at the expense of their competitors.

Recently we received bids on a miscellaneous assortment of plumbing supplies

consisting of pipe, valves, nipples, reducers, etc. All of the bids were uniform and the successful bidder was chosen by means of what we are pleased to call an "NRA HAT." That is, we have made a box with glass sides, mounted on a shaft in which we place numbered balls and after turning the crank and mixing them thoroughly, one of the balls falls into a trap from which it is released by a lever. While this is conducting a lottery, contrary to law, yet present circumstances appear to justify its use.

After the award, the successful contractor delivered the order from which I have selected a specimen of reducer. I also hold in my hand another reducer intended for the same diameter of pipe. Both of these reducers were quoted at the same price but vary considerably in size, weight and quality of material. One weighs three ounces and the other seven ounces. The three ounce reducer has only half the number of threads and has less copper in it than the seven ounce. In 1933 we paid \$3.60 per dozen for the seven ounce and in 1934 we paid \$5.33 per dozen for the three ounce reducer or almost twice the price for an article weighing less than half and being smaller in essential parts and made of lower grade of material. The increase in price might be attributed to increased costs of manufacture under the NRA, but the reduction of size and quality is unquestionably the result of unfair competition. This brings up the question of standards in purchasing.

At this time I would like to honor an outstanding figure in Federal Government employ. He is a man who has done his work quietly and effectively and stands as a bulwark to shield and protect the purchasing agent from the tide of defective and low quality merchandise. I refer to Dr. A. S. McAllister, Chief, Division of Commercial Standardization of the Federal Bureau of Standards. He is an electrical engineer, physicist, author and inventor. *Were it not for the work of Dr. McAllister, the staff code advisers of the Consumers' Board and the work of the Standards Division of the Consumers' Board at Washington, the matter of standards might have been entirely overlooked.*

It has been said that industry generally opposes the setting up of standards for consumers as it destroys the value of ballyhoo advertising and high-pressure salesmanship. In a recent address before the Consumers' League of Cleveland, Rexford G. Tugwell, Assistant Secretary of Agriculture, is quoted as saying that most of the purchasing of goods by the American people is characteristically made on the basis of intangible and glowing generalities. To quote further, he is credited with saying that because



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of lack of standards in most goods sold, control of business by a comparatively few companies and public opinion shaped by the press, the radio and the movies, the thirty million families who spend 60 per cent of the national income over retail counters, all too often do not know what they are buying.

That industry is awakening to this problem is illustrated by the statement of G. G. Hoskins, chairman of the Macaroni Code Authority who stated, "The code requires that macaroni made from low grade flour shall be labeled 'This product is below standards but not illegal.'" Before approval of the code cut-throat price competition had forced the quality of ingredients lower and lower until "cow-feed" was used in some instances, according to Mr. Hoskins.

Quality protection in codes should be advocated by all purchasing agents and I should like to see this body go on record before the conclusion of this convention as favoring consumer standards in every code. I believe them to be just as necessary safeguards as those governing hours of employment and wages. We purchasing agents are only too well aware and to our sorrow no doubt, of the unfortunate results of not using definite specifications and standards when mak-

ing purchases. This is our opportunity to do something really constructive for consumers. In recommending consumer standards, checking, testing and enforcing penalties for non-compliance should be stressed as a concomitant to avoid instituting a sense of false security for the consumer through the mere labeling of goods or claims of compliance with certain standards.

Collusive price fixing apparently tends to make mere puppets of purchasing agents. As one prominent state purchasing agent has put it, "If we do get a low bid, then all the other bidders raise the cry of 'chiseler,' and try to have the bids thrown out or make it impossible for the successful bidder to fulfill his contract, which causes much inconvenience and delay."

I believe that I express the views of every one present, that there is no purchasing agent here who is not willing to pay a fair price for any commodity which he purchases. By a fair price I mean one based upon costs of production, plus a fair margin of profit. However, when bidders offer identical prices higher than 1926 level and blame the NRA code for them, the purchasing agent who is worthy of the name, will endeavor to determine whether the codes are actually

to blame and if so, will offer constructive criticism in order that codes may be modified and corrected to conform to sound business principles only.

In conclusion let me say that unrestricted and uncontrolled price fixing leads to economic destruction and unless there is a surcease of these practices, or regimentation and control on the part of the Government, the NRA will fail in its purpose. Industry has demonstrated clearly that given a free hand to raise and control prices that it cannot resist the siren call of greed.

◆ ◆ ◆

BUYING CONTAINERS BY TEST

by DON L. QUINN, Don L. Quinn Co.

MY MISSION in appearing before you today is to advocate that you set up standards for your fibreboard shipping containers based on performances in tests.

The subject of fibreboard shipping containers is a very complicated one if you attempt to judge their merits by specifications. On the other hand, if you were to set up a standard based on performance, it is quite simple, easy to understand, thoroughly practical, and not difficult to police.

Hence my message to you today is: forget specifications, set up your standard based on performance. It is simple, practical, and easy to understand.

If any one of you were to come to me for advice as to what you should specify in your fibreboard purchase contract, I should give you two simple clauses, reading as follows:

1. The containers must comply with all the requirements of Rule 41 of the Consolidated Freight Classification, and
2. The containers must have a specified resistance end to end, and top to bottom, to a specified crushing force.

In giving you these, I am assuming that your articles are not explosives, or other dangerous articles which come within the special packing requirements of the Bureau of Explosives, but that they are such as come within the limitations of Rule 41.

With some few exceptions, the above is all one needs to insure the desired measure of serviceability in the containers he buys. With such a standard why should the buyer attempt to choose as between A-flutes, or B-flutes, or C-flutes, or any modification of either of these, for instance. If all of these measure up to the requirements of the standard, then choose the one which is cheaper. If two or more constructions are alike in their physical properties, you can be quite assured they will perform alike in service. Why attempt to choose as be-

tween this kind of liner board, or that one; or between this kind of corrugating board, or that one. Leave that complicated matter to your box-man. If he chooses to use an inferior material, the boxes cannot measure up to the standard. If he knows he has to furnish you boxes with specified strength properties, he will choose materials which will give such results and you should not care what his choice may be nor why.

In setting up our standard, we specify first that the boxes must comply with Rule 41 for two reasons:— (1) It is backed by Federal law and we are in favor of obeying the law; and (2) that rule has a Mullen or Cady test requirement. That test is a fairly dependable measure of the strength of the container resisting those forces which tend to cause it to break open and spill the contents. These cases must have sufficient strength to retain the contents under normal handling conditions, hence in setting up our standard, we must have a measurement for that strength property and a convenient way of measuring it. The Mullen or Cady test serves that purpose well enough to justify specifying its use for that purpose.

Our standard being based on performance is made up of three sets of figures: (1) Mullen or Cady test; (2) strength in top loading; and (3) strength endwise, and that is all we need to define the quality in our boxes.

Of course, you should inquire as to the practicability of such a standard, and secondly as to how you should police that standard in the containers.

Let me assure you that such a standard is thoroughly practical. I could give you the names of a number of well known concerns who are now and have been functioning under such standards for several years with far greater satisfaction than they had ever known before. Because of lack of time, I will cite only the experiences of the Morton Salt Co., of Chicago, who has just such a standard for its boxes written into its purchase contracts. Its percentages of bad order cases in transportation as evidenced by its claims record, have been reduced more than 80 per cent in three years. Its complaints of bad order cartons from its salesmen and from its customers have reached, practically, the vanishing point. Yet, according to the requirements of Rule 41, the cases it uses today are identical with those it had been using for years. What then accounts for that difference in service? The answer is better fabrication of the materials in the boxes, principally, although there has been some improvement also in the quality of the materials.

Before going into that question of fabrication, let me suggest, first, how you

can go about determining what your individual standards should be. If I were you, I should put the burden up to my box-maker. I should demand that he furnish me with definite figures as to the strength properties in the cases which he is furnishing me, or, if I am placing a new contract, that he furnish me with the strength property measurements of the cases which he proposes to furnish under that contract. It is not necessary to have these figures for every size box used; take only the case used in the largest quantity and use it as the standard. If the one case meets your requirements, you can be reasonably sure all the other sizes are of equal merit. It is not at all an unreasonable demand on your part. You have every right to require that those who propose to furnish you a product should give you all the desirable information which is necessary to convince you that the product offered you has the merit you want. You should buy on demonstrable facts; not on propaganda.

The principal factor to inspect for workmanship is the arches, or flutes, of the corrugating board. This corrugating is the unique feature of this construction. It is the strength which is developed by this fluting of the board which justifies reducing the volume of material almost one-half, hence its importance. Its merit depends not only on the strength and stiffness in that board, but on the number, shape and size of the flutes. But of far more importance, after the purchase contract has been made, is to insure that those arches or flutes remain throughout as perfect as they were when they came off the corrugator.

Shippers rightfully insist that the primary functions of the shipping cases are to carry and protect the articles in service, and that the advertising is of secondary consideration. Intelligent co-operation on the part of the shipper in this respect, as in every other detail of his contract with the box-maker, is bound to be productive of the best results.

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RESEARCH CHILDREN OF THE DEPRESSION

by HARRISON HOWE, Editor
Chemical Engineering

INDUSTRIAL research proceeds at an accelerated pace in times of economic stress, and some of the most important developments in many generations have been brought about in the past three years.

In this period more than 800 greatly improved or entirely new things have appeared, many of them forming the bases of new industries, and which are, or presently will affect the lives of millions of people. These new processes

and products are "children of the depression."

Selecting an example indicating great commercial courage, he cited the commercial separation of bromine from sea water, now an accomplished fact, for the Ethyl Dow Co. at Carolina Beach, N. C., is producing upwards of 15,000 tons of bromine per day. There is only seven thousandths of one per cent of bromine in sea water—65 parts per million—but 60 of these parts are being separated. The plant handles some 26,000 gallons of water per minute.

Another child of the depression that strikes at a national monopoly is iodine, which for decades has come from Chile as a by-product of the nitrate operations, but now the Dow Chemical Co. is securing it in substantial quantities from the bitterns of California petroleum. This adds another strategic material producible in sufficient quantities from within our own borders.

There is also considerable courage involved in the construction of the two light-weight alloy trains which have been cruising the country and are at the Century of Progress. Those particularly interested in metals will watch carefully the performances of these two competing trains, one of aluminum alloy and the other of stainless steel.

One of the newest things in aluminum is the aluminum mirror, produced by an anodic treatment of the metal which produces a great brightness, and then a sealing of the surface which in the process is finally coated with a thin glass-hard transparent surface of the aluminum oxide which protects indefinitely.

The field of plastics has been most interesting since the invention of bakelite, which was the pioneer, and we find literally hundreds of materials competing for the business.

During the depression a method has been perfected for the continuous manufacture of cellulose acetate in sheet form. This success, together with the physical properties of cellulose acetate, has brought it rapidly into favor as the laminating and bonding material for different types of safety glass. With this has come the perfection of special adhesives and variations in the process involving temperature and time which have contributed their part to longer visibility, greater ease, and certainly in manufacture, and withal more perfect safety glass.

Synthetic resins have also found their way into the surgical plaster field and the phenol formaldehyde resinoids are involved in the newest type of these plasters. These do not become sticky and remain in place until forcefully removed or loosened with some other solvent than water.



Is your letter-head impressive?

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The competition between glass and tin for containing food has been rather marked, and each method has its own advantages. Tin withstands rough mechanical handling and processing involving the heat somewhat better than does most glass, but glass affords the opportunity of examining the contents, visually at least, before purchase. The problem seems to have been solved by the Corning Glass Works, Corning, N. Y.

A disk of pyrex glass, known for its ability to withstand extreme and sudden changes of temperature, has deposited upon its edge by chemical reduction

methods a film of metal. This enables the glass to be soldered mechanically with a ring of solder into the tin top of the ordinary can.

This top can be fed into the canning machine along with the tin tops and the packer may have as many of these as he likes per case of goods. This enables the purchaser to see into the can and determine from the physical condition, size, and color whether or not the contents interest him. Although introduced quite late in 1933, many hundreds of thousands of these tops have been employed in the canning industry.

EXPENDITURE of about \$3,000,000 for new equipment, additional plant space and rearrangement of all production facilities was announced recently by the Fisher body division of the General Motors Corp.

The program will involve every Fisher body plant in the country, with the major investments centered in Cleveland, Detroit and Pontiac. An investment of \$1,500,000 has already been made in new

press equipment, including purchase of the largest triple-action presses ever built.

At Cleveland 40,000 square feet of manufacturing space will be added to the present plant, greatly increasing production facilities.

Another \$1,000,000 will be spent in rearranging production facilities of plants serving Chevrolet branch assembly units throughout the country.

BUSINESS CONDITIONS *and* OUTLOOK

(Continued from page 10)

called currency inflation — that is the issuance of currency in one form or another that would resemble greenbacks.

Let us hope for the first alternative. I think there is a chance for it if the New Dealers will let business men run business and do something to create a basis for confidence — not as they see it, but as you and I in business see it. They tell us we should be confident but somehow we cannot be. After all, is the country not getting ready to let private enterprise carry on? I see signs of doubt and dissatisfaction growing and I think to a practical politician it must be significant that old-line democrats are beginning to kick over the traces. There is a possibility that this Roosevelt may split the Democratic party just as the other Roosevelt split the Republican party.

Whatever else you may or may not think, Mr. Roosevelt is first, last and always a politician and a politician must be one who runs with the tide and, if I am right in seeing signs that a tide of dissatisfaction is mounting, I would not be surprised to see the President swinging in that direction. I predict there will be another whoopee period.

As to prices: prices — and I refer to the general price level — are bound to go higher as measured in our paper dollars. When? All I can say is some day, and I mean by that in a matter of six months, a year, or something of that sort. The deflation of the dollar which is effective on the statute books and on books of the banks is not effective in commodity prices to anything like the extent it must eventually become. Probably it will not so become; probably we will not get the full rise in commodity prices to reflect deflation in the dollar until we return to some sort of a metallic standard. Then immediately prices would rise because the dollar which is now on a fictitious basis would have to be valued in relation to the gold content that has been reduced.

There is the dilution of our monetary reserves in the shape of 25 percent silver which has not begun to take effect. There are huge, record-breaking reserves in excess of legal requirements held by banks.

I say, with utmost confidence in economic laws, that these things together must inevitably produce a higher level of prices. Why isn't it effective as yet? Values have been held down thus far by government taxation and borrowing. Then there is that strange phenomenon of the fake confidence which most of us have in government credit so that whatever they do with these metallic reserves — that are impounded — we are taking greenbacks and pinkbacks and any other kind that are handed out to us without a thought of there being any change in their value. As long as that situation prevails and as long as the government is able to support the government bond market, prices are not likely to rise due to the deflation of the dollar.

The large stocks of commodities are another burden. One uncertainty of the new deal is the difficulty of making it take hold. Even codes are being shorn of their price fixing provisions. That tends to keep prices down. In all these ways the price structure has been prevented from responding to strong pressure upward that is underneath there.

If there were to be no further inflation, then probably there would be deflation and lower prices. I make that point simply to drive home the fact that I at least am of the firm

opinion that, aside from inflation, prices would not rise. Fundamentally, in view of large stocks, and supply and demand conditions, we would be in for a reduction in the price level; that is, theoretically, at the moment. As things are, the foundation of prices is affected by all this potential inflation. All we would have to do to get a key to the price trend is to watch government policies. If new deal policies hold in restricting the demand and raising costs, there probably won't be much change over the next few weeks in prices.

We would have irregularity with as many items showing declines as advances. The effects of the drought are entering into the whole price structure. Aside from that, there can be no immediate switch of new deal policies sufficient to remove the "hold downs." There will be a period of irregular conditions with no change in levels. Some day these things will break loose.

Some business recession is now under way and about to extend farther, notably in steel, and the drag of those things will hold down prices but some day, let us say August or September, these things will break loose and eventual inflation, real inflation, more inflation than we have seen yet, is a highly probable development.

You see the discontent in the farm section and among the laboring section is being fanned by all this promise of security, more abundant life, and that government will do this, that and the other thing for them. That discontent is going to grow and the idea of "doing something" is going to become the idea of "doing anything." There is little possibility of control of inflation; there never has been in the nature of the case. There is no significance in the idea of credit inflation as against currency inflation. Think of it this way. You say that the difference between credit inflation and currency inflation — and we are going to have credit inflation — is that credit inflation can be controlled by the banks. I tell you that our currency today is all credit. What difference is there between credit and currency inflation when your currency is all credit? Under those circumstances, what chance is there that there will be a control of credit inflation as distinct from the thing we call currency inflation?

There is the question of silver. In 1891 conditions were somewhat similar to what they are today. There was no great price rise during 1896 or thereafter. The price curve was very generally rising during that year but times are different now; not human nature, that is no different; not economic laws, they are no different — but we have the New Deal today and we did not have the New Deal at that time.

What we need now is business, production, buying and selling, based on wants of consumers, backed by earned purchasing power on their part which will take account of costs, so that earnings may include returns for not only labor but for capital and enterprise. We need a basis for business confidence.

It is conceivable we may swing right because of aroused sentiment based on the common sense of this average American, and a revolt of the taxpayers. I must say that the President seems to me, in the last message which he directed to Congress, to have indicated that, at the moment, he is set on an appeal to the "have nots" in this country. He is set on appealing to the people who feel that they do not have what

INFORMATION on the composition, properties and applications of its high manganese steel containing from 1 to 1.3 per cent manganese are presented in a 4-page folder issued by the Union Drawn Steel Co., Massillon, O.

MONARCH MACHINE TOOL CO., Sidney, O., just has issued an 8-page folder describing its recently developed precision tool room surface grinder. Features of construction are described and illustrated.

they should have, which was expressed in the phrase "I stand for the ideal that American families should live as Americans should."

The decision has been made to go on with another attempt to prime the pump. The decision has been made I think to freeze rather than liquidate, and that means eventual repudiation wholly or in part of our public debt; perhaps a capital levy based on further deflation of the dollar. It means a further attempt to borrow out of debt. That is the story of that last message.

So my advice to you is:

1. That you retain any hedgings which you may have against further depreciation of the currency. Don't be alarmed by any temporary move in the opposite direction.

2. I would advise spending rather freely in ways which are designed to salt away capital in the shape of future earning capacity; you would have to determine whether free spending for improvement in plant and equipment or to build up good will so that when we do get sound and prosperous, you will be free to take advantage of it. I would not be concerned about earnings, about net profits, or addition to surplus for the moment; I would play the longer game.

5. I would advise moderate long positions and a readiness on the one hand to expand when, as and if the inflation dam breaks, being alert for the signs of it, and then to be alert to contract and take the opposite side when, as and if the final liquidation finally sets in.

That seems to be about all one can say in these times. For the present, forward buying should be very, very selective. The situations in different commodities are not uniform.

If you think I have overdrawn this picture; if you think I have seen only the prickles on the thistle, discount them, but I do beg of you to consider that these things are facts and to remember that, smooth as the sea may seem to you, there are these rocks underneath. Remember what I have said in past years about the development of RFC, and the effect of the NRA, and the desirability of the processing taxes and the like. They were pretty much justified — such remarks, I believe — and my confidence in economic law is such that I feel warranted, unpleasant as it is, to say things that may seem unpleasant to some. I am sure that some day we will quit dreaming these idealistic dreams and face reality. We will find all that is good in the New Deal was good in the Old Deal. Honest financing and fair competition — those things are not new; we have always believed in them and have passed laws to try to attain them in the past. Those things are about all we want from our government.

Some day we will get back to principles of trade and sound money and then, and not until then, will we have a really prosperous America.

NRA MUST CONSIDER THE BUYER

(Continued from page 5)

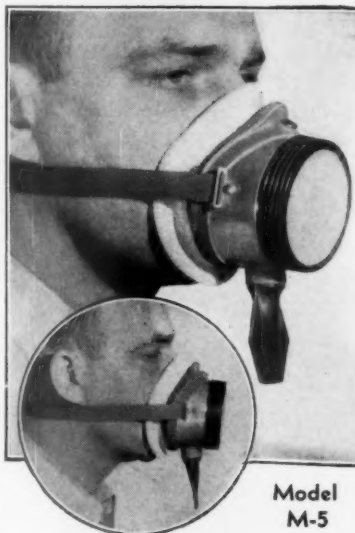
against recalcitrant dry-cleaners in the back streets of Philadelphia; for the great program of public works undertaken to bridge the gap between the depths of the emergency and the time when industry shall once again absorb the army of the unemployed; for the appropriations designed to stimulate private construction projects and to rehabilitate plant equipment.

There is no argument on the score of who is to pay, eventually, for all of these items. Least of all is there any question in the mind of the consumer. The problem is not one of bookkeeping and collection agencies,

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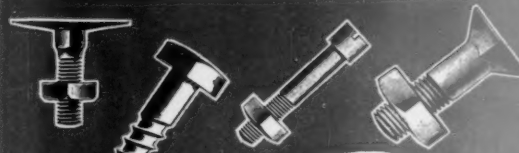
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but of salesmanship and service, and most of the codes have been strangely silent on these issues. They have gone to great pains to limit exactly what the buyer shall get and to prescribe what and how he shall pay. But there has been no anxiety whatever with reference to maximum prices, this subject being dismissed with two oft-repeated arguments: that the price of competitive products will automatically fix a "ceiling," and that minimums will tend to become maximums. It is hardly necessary to point out that these two opinions, so glibly and nonchalantly expressed, and apparently widely accepted at face value, are actually mutually contradictory. And there is considerable evidence to show that the second argument could be restated, exactly in reverse, without any sacrifice of truth or applicability.

The third shortcoming is corollary to the second. It is the continuing failure to see that the success of the whole Recovery program as proposed is dependent on the cultivation and development of domestic markets for the products of our industries. It is the failure to accept a proper or complete definition of a market, which involves three factors: the need for a product, the desire to buy, and the ability to pay.

Now if there is any truth or force to the reasoning here advanced, the conclusion seems clear, that in promoting the general scheme of industrial recovery and in making the code program effective in carrying out the purposes of the Act, the administration has an obligation to step in and supply those essential factors which industry has largely neglected through lack of imagination, through preoccupation with the recovery of costs, and through the fallacious assumption that the Recovery Act automatically created a seller's market.

We may be more specific as to this obligation. The Act is explicit as to one purpose—to increase purchasing power. This has been popularly construed to mean putting people back at work so as to restore purchasing power, at least on a subsistence level, to those who lost that earning capacity in whole or in part during the depression. But if our interpretation stops at this point, we are a long way from realizing the potential benefits of the Recovery program. In fact, to the extent that re-employment has been in the nature of a share-the-work plan, to the extent that code wage minimums have tended in a few industries to become the maximums, and to the extent that prices have advanced more rapidly than earnings, purchasing power has actually been decreased, and a considerable proportion of the market outlet for products outside the class of absolute necessities has been effectively dammed up. I can not believe that this was the intention of the clause. Nor is it at all clear how this will help toward the fullest utilization of existing manufacturing facilities or support increased employment in all branches of industry.

I believe that we must construe the effort to increase

purchasing power in the broader sense of a call to develop our domestic markets more intensively, more sympathetically, than ever before, with due regard for the fact that however rigidly we may control the methods and terms of our selling by captious minutiae of trade practice provisions, there is absolutely no way of insuring that the essential factor of the transaction—the sale itself—will eventuate to give force and meaning to the regulation. We have the privilege of setting up our system, making it mandatory on all units of an industry, and then announcing to the buyer with absolute finality and the force of law, as did the Chinese laundryman: "No checkee, no washee." But if there is "no washee," all the checks and all the regulation in the world will be of little benefit to the laundryman, the manufacturer of laundry machinery and the purveyor of supplies, the maker of delivery trucks, the producer of tires and the refiner of gasoline, so far as that industry is concerned.

I do not fear any general buyers' strike. Demand in the sense of a living standard embracing a wide range of products in ample supply is well established in this country by custom and by taste. We shall not willingly recede from that standard. Though it is true that comparatively few products can be classed as absolute necessities of life, nevertheless we shall be reluctant to forego the added comfort, convenience and pleasure to which as a people we have become accustomed. That is an important point and an encouraging consideration. Most of us, through necessity or from a desire for greater security in an uncertain future, have been forced to tighten our belts a little, and every notch postpones the day of ultimate industrial recovery. But fundamentally the market does exist. Technically, the justification for our varied and extensive manufacturing plant facilities has been pretty well demonstrated by past experience. The real job to be done, on behalf of industry, lies in the two succeeding steps—to provide a popular and reasonable incentive or desire to buy, and to insure the ability to pay. Then this potential demand can be translated into an actual, effective market for our goods.

To date, only two main incentives have been suggested: the emotional and patriotic appeal of the "Buy Now" campaigns, and the threat of increasing prices.

The first of these has lost practically all of its force through long and indiscriminating reiteration. A year ago was the time to buy. If you couldn't or didn't buy then, you received the same advice for each succeeding week and month. Last week was the time to buy—yesterday, today. And if your sales resistance still prevails, you may rest assured that tomorrow and next week will still be the time to buy.

The threat of advancing prices appeals to reason and economic sense, but it has not been uniformly effective. In many cases it has resulted not in actual

consumption of goods, but merely in a shifting of inventories. An associate of mine in Washington, an NRA deputy, anticipated the price advances by stocking his pantry shelves with a six months supply of soaps and canned goods; his grocer will worry and wonder why this particular customer's demand shows such a sharp decline. Tons upon tons of paper bags were sold by the mills last summer in anticipation of a price advance, but for ten months since that time the trade has been practically stagnant, prices are completely demoralized, and the jobbers still have stocks for some time to come. Announcement of a pending price increase on automobiles moved thousands of cars this spring from the factories into the hands of dealers, where most of them still repose. But in actual sales to consumers, by the simple process of refusing to join in the general advance, Mr. Ford regained in sixty days the leadership that he lost four years ago.

In some other cases, price advances have even failed to provide the initial stimulus to sales just noted. Lumber and construction materials became highly profitable (on paper) under the codes, but demand and sales have been virtually non-existent.

Some buying incentive could be provided, in a negative way, by removing barriers now set up by code. The policy ruling of June 7 shows an inclination to do this, so far as price is concerned. It is not altogether a matter of price. One principle of code construction and administration is that the customer of an industry, being outside the jurisdiction of the code, can not be controlled by code provisions. Yet by indirection and by the recasting of phraseology, a large measure of such control has been admitted. The mandatory bidding practices of the Construction Industry Code, for example, are highly discouraging to any one contemplating the erection of an ordinary small dwelling house.

Other provisions which are likely to discourage the buyer from entering the market and expressing his desire in the form of an actual order are: the general resistance to any definition of quality standards in the codes, particularly those where price control would indicate a logical need for some measure of comparative values; the curtailment of guarantees or warranties; the refusal to recognize useful salvage or resale value in partially used machinery or products; the restrictions against contracting for known future requirements reasonably in advance.

The positive action that is required is some means or device for maintaining a reasonable balance between the prices of goods and services and the customer's ability to pay. It is not inconceivable that this may involve the regulation of maximum prices instead of minimums. That is thoroughly consistent with the principle of minimum wages. The thought is not altogether new, even in administration policy. A clause recommended for insertion in all codes, but



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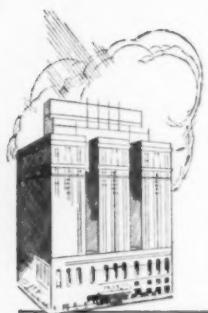
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accepted by industry in comparatively few, states the principle that price advances should not be more rapid than the increase in purchasing power. As far back as last December, General Johnson exhorted the manufacturers: "For God's sake, men, keep prices down." The advice has not been heeded to any noticeable degree. While we are talking about putting teeth into the codes, we might well consider the insertion of a couple of good sharp molars in this phase of the program. It is a very vital issue, for if buyers are unable or unwilling to buy, then our concern over the regulation of trade is just so much time wasted.

A few arrogant industries, confident in the strength of their codes, have reverted to the old philosophy of "the public be damned." Unfortunately for their purpose, however, the public can not be categorically damned, at least not in times like these. But the public can very quickly and effectively dam the flow of commerce. It can dam up the goods on the merchant's shelves, the stock in the manufacturer's warehouse, the ore at the mines. It does not do so from choice. Buyers and consumers have no desire to pose as a recalcitrant majority in a program where the welfare of every individual depends on universal co-operation. They want to buy in order to bring back industrial prosperity and in order to use and enjoy the products of industry. The National Industrial Recovery Act was framed just as much to enable the

buyer to buy as to enable the seller to sell. The two must go hand in hand. NRA *must* consider the buyer.

BOOKS

Individual and Collective Bargaining under the NIRA, 38 pages, 6 x 9 inches, published by the National Industrial Conference Board, New York, \$1.00 postpaid.

This small monograph gives the results of a nationwide survey of the extent to which industrial employees generally have availed themselves of the statutory right conferred by the famous Section 7(a) of the National Industrial Recovery Act to bargain collectively with their employers through representatives of their own choosing, and of forms of collective bargaining in use.

The discussion includes the problem which Section 7(a) has presented to industrial management, the problem to organize labor, and the results of the survey. The data has been distributed according to size of company, and according to industrial groupings. The final section is devoted to a discussion of the attitude of industrial management toward the labor section of the Act.

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